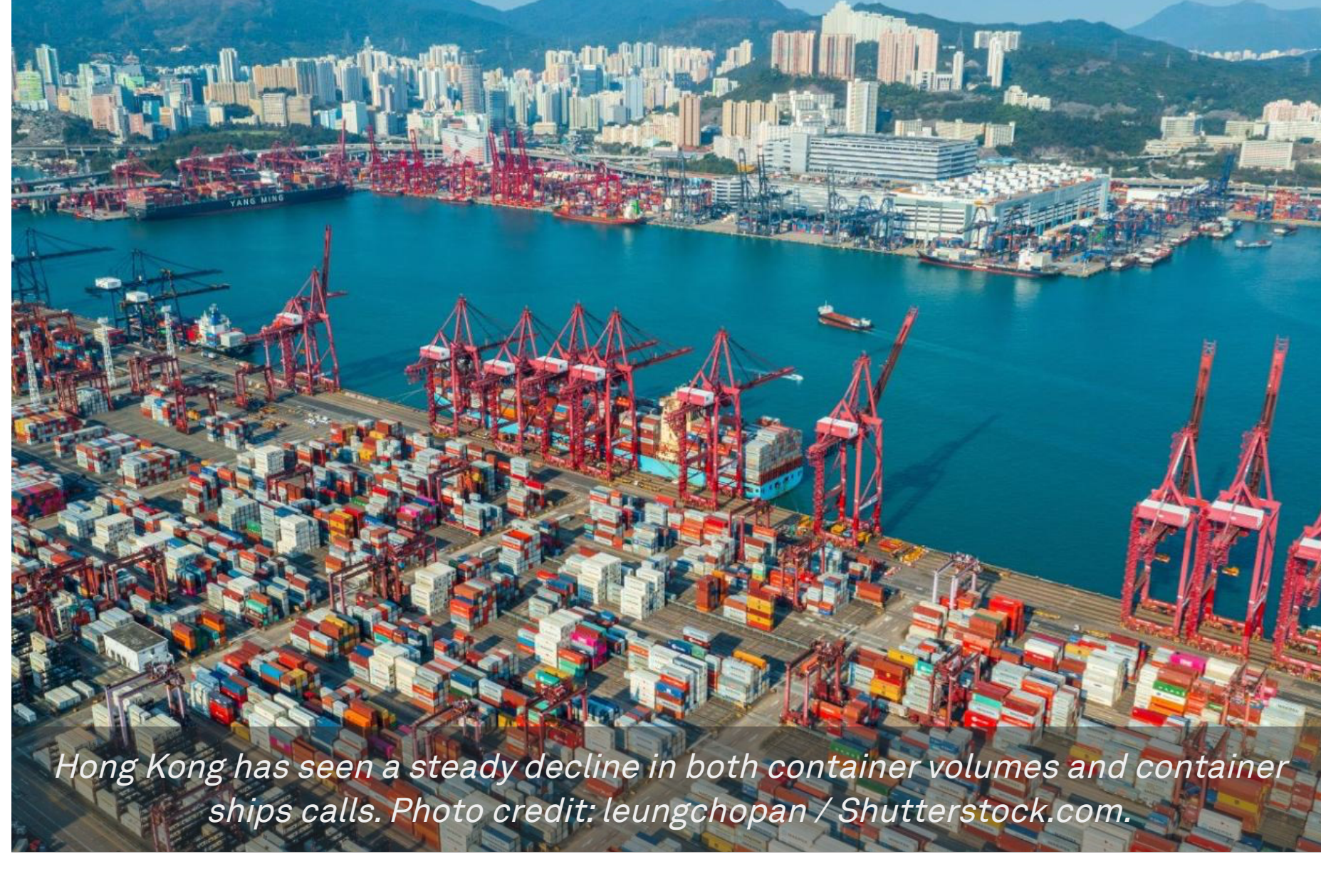


Home » Maritime

Hong Kong's competitiveness takes another hit with revamp of alliance connectivity



Hong Kong has seen a steady decline in both container volumes and container ships calls. Photo credit: leungchopan / Shutterstock.com.

Maritime | Container Shipping News | Container lines | Trans-Pacific | International ports

Keith Wallis, Special Correspondent | Apr 12, 2024 at 9:48 AM EDT

✉ 📧 🐦 📘 🌐

The southern China ports of Yantian, Nansha and Xiamen will be the winners at the expense of Hong Kong when Gemini Cooperation — the Maersk and Hapag-Lloyd alliance — and THE Alliance restructure their services come next February, an analysis of schedules shows.

Yantian, one of the four Shenzhen terminals that already handles about 25% of China's total containerized export volumes to the US, will become Gemini's South China hub hosting direct calls on 10 Asia-Europe, trans-Pacific and Asia-US East Coast services.

Nansha, about 80 miles west of Yantian on the western side of the Pearl River, will handle calls on two Gemini services — one trans-Pacific loop and one US East Coast service, according to preliminary schedules. Nansha, the main international gateway for Guangzhou, had been Maersk's main hub in South China with APM Terminals having a 20% stake in Guangzhou South China Oceagate Container Terminal, one of Nansha's two terminals.

Gemini said Hong Kong would be served by feeder services with Yantian.

While THE Alliance will keep most calls in southern China the same as the existing trans-Pacific network, it will drop calls at Hong Kong on two services, its Pacific South 7 (PS7) and Pacific North 3 (PN3) trans-Pacific loops.

Yantian, along with Xiamen in southeast China, will also gain a call on the revamped US East Coast 2 (EC2) service.

Xiamen will continue to handle calls on three of THE Alliance's trans-Pacific services, while Shekou, another of Shenzhen's terminals, will carry on handling two services.

Just one THE Alliance service, the East Coast 6 (EC6) loop, will maintain a direct call at Hong Kong when the revised trans-Pacific network is introduced next February.

The Ocean Alliance, which includes Cosco Shipping Lines and its Hong Kong-headquartered subsidiary OOCL, has also slashed the number of direct calls in Hong Kong from 11 to just six in its revised network. The new schedules, which take effect this month, concentrate southern China calls at Yantian, although Xiamen and Shekou are also included in the network.

Yantian expansion

The move by the alliances to largely end deep-sea direct calls at Hong Kong comes as Yantian has been expanding its facilities and connectivity, with the launch of a raft of inland ports, feeder and rail-sea services.

These include the development of inland ports and direct block train services with Foshan's Guanyao district, about 100 miles west of Yantian and Meizhou, since the end of last year.

Yantian International Container Terminal (YICT), in which Hutchison Port Holdings Trust owns approximately 53%, said these new operations increase its affiliated services to 14 inland ports, 31 rail-sea connections and 17 feeder links covering the Pearl River delta and southwest and central China.

YICT is also midway through the construction of the \$1.5 billion three-berth first phase of its East port expansion. The first phase will have a total quay length of about 4,500 feet and boost Yantian's annual capacity by 3 million TEUs. The initial berth is due to come onstream next year when YICT aims to handle about 16 million TEUs.

Roberto Giannetta, chairman of the Hong Kong Liner Shipping Association, said ports in China have "spent time and money to upgrade their facilities, systems, and broader ecosystem even during the COVID-19 pandemic."

South China ports, especially Shenzhen, also had an advantage during the pandemic when shippers shifted cargo from Hong Kong to those facilities due to the closure of the land crossings between Hong Kong and Shenzhen, effectively ending transshipment by truck.

"Depending those shipping patterns and business models to come back through Hong Kong port now will be very challenging," Giannetta told the *Journal of Commerce*.

Traditional Hong Kong benefits eroding

Hong Kong has traditionally offset its higher cost base by offering quicker customs clearance, greater efficiencies and ease of business than ports in China, but that is increasingly no longer the case.

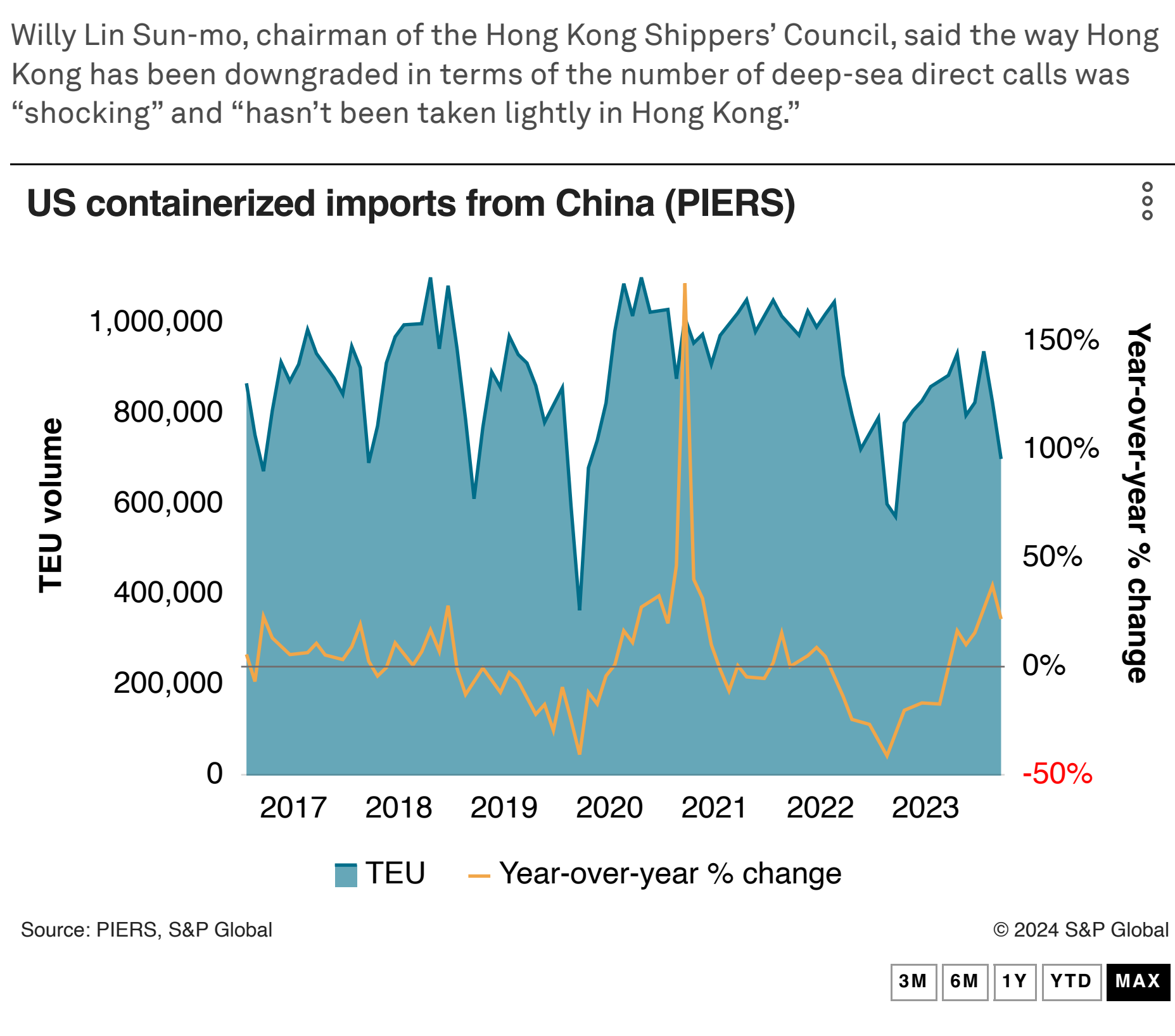
Chinese ports' improved facilities, systems and aggressive marketing, incentives and discounts offered to carriers and shippers meant it was "inevitable" Hong Kong would be skipped in favor of direct China port calls, Giannetta said.

"South China ports have been in the ascendancy for deep-sea east-west services for some time, while Hong Kong has not promoted itself as a major player in this market for a while," Giannetta said.

"Conversely, Hong Kong port has focused more on regional services and less time-sensitive non-major east-west connections," he added. "If we look at intra-Asia volumes alone, Hong Kong port has seen an uptick in this market since COVID. And, so long as [vessel-sharing agreements] continue to be used, Hong Kong has a good opportunity to continue providing deep-sea transshipment."

Hong Kong has seen a steady decline in both container volumes and container ships calls. Throughput dropped to 14.4 million TEUs last year, its lowest level since 1998, according to figures from Hong Kong's census and statistics department. The number of ocean-going container vessel calls fell to approximately 12,000 last year, down from 19,000 in 2013 and 22,340 in 2003, data from Hong Kong's marine department shows.

Willy Lin Sun-mo, chairman of the Hong Kong Shippers' Council, said the way Hong Kong has been downgraded in terms of the number of deep-sea direct calls was "shocking" and "hasn't been taken lightly in Hong Kong."



Related data for this chart [Click here](#) to explore related data on Gateway

Search for new opportunities

The city's transport and logistics bureau issued a lengthy statement on social media on April 5 rebutting criticism that the port is losing its competitiveness. The bureau pointed out Hong Kong is the only duty-free port in China and has the advantage of fast customs clearance, high efficiency and swift vessel turnaround times of under 24 hours compared with an average of 1.85 days for the world's top 20 container ports, according to the Shanghai Shipping Exchange.

The bureau's statement highlighted the port's competitiveness and logistics capabilities, including development of a green bunkering hub, digitizing port operations and strengthening cooperation with cities in neighboring Guangdong province to expand cargo sourcing.

While container trucking volumes between Hong Kong and Shenzhen have yet to recover to pre-pandemic levels, Lin said Hong Kong also had a unique position to develop as a sea-air-land hub. He pointed out that with Hong Kong home to the world's busiest international air cargo airport, it should develop its multimodal connections with China and the region.

"Much of north and southeast Asia is under three hours flight time from Hong Kong," he said. "Utilizing the sea-air-land model — that's our success for the future."

Giannetta said Hong Kong will still have opportunities under hub-and-spoke shipping networks to "funnel cargo to and from major deep-sea, big-vessel hubs around Asia."

"If we can add on a couple other peripheral services to complement a steady base of cargo operations including green bunkering and repair and maintenance, Hong Kong can, hopefully, maintain its role as an international maritime center," he said.

Contact Keith Wallis at keithwallis@hotmail.com.

More News & Analysis



Red Sea diversions, return to Russia transit boosts China-Europe rail volume

Shippers of urgent products have shifted volume from the disrupted China-Europe ocean trades to the rails, while some cargo owners are resuming the northern corridor route via Russia.



Roadrunner expands in Atlanta with overhaul of former Yellow terminal

A rebuilt facility with 75 dock doors and parking for 300 trailers will anchor Roadrunner's network in the Southeast as the less-than-truckload carrier expands.



MPV indices inch higher as global disruptions tighten vessel supply

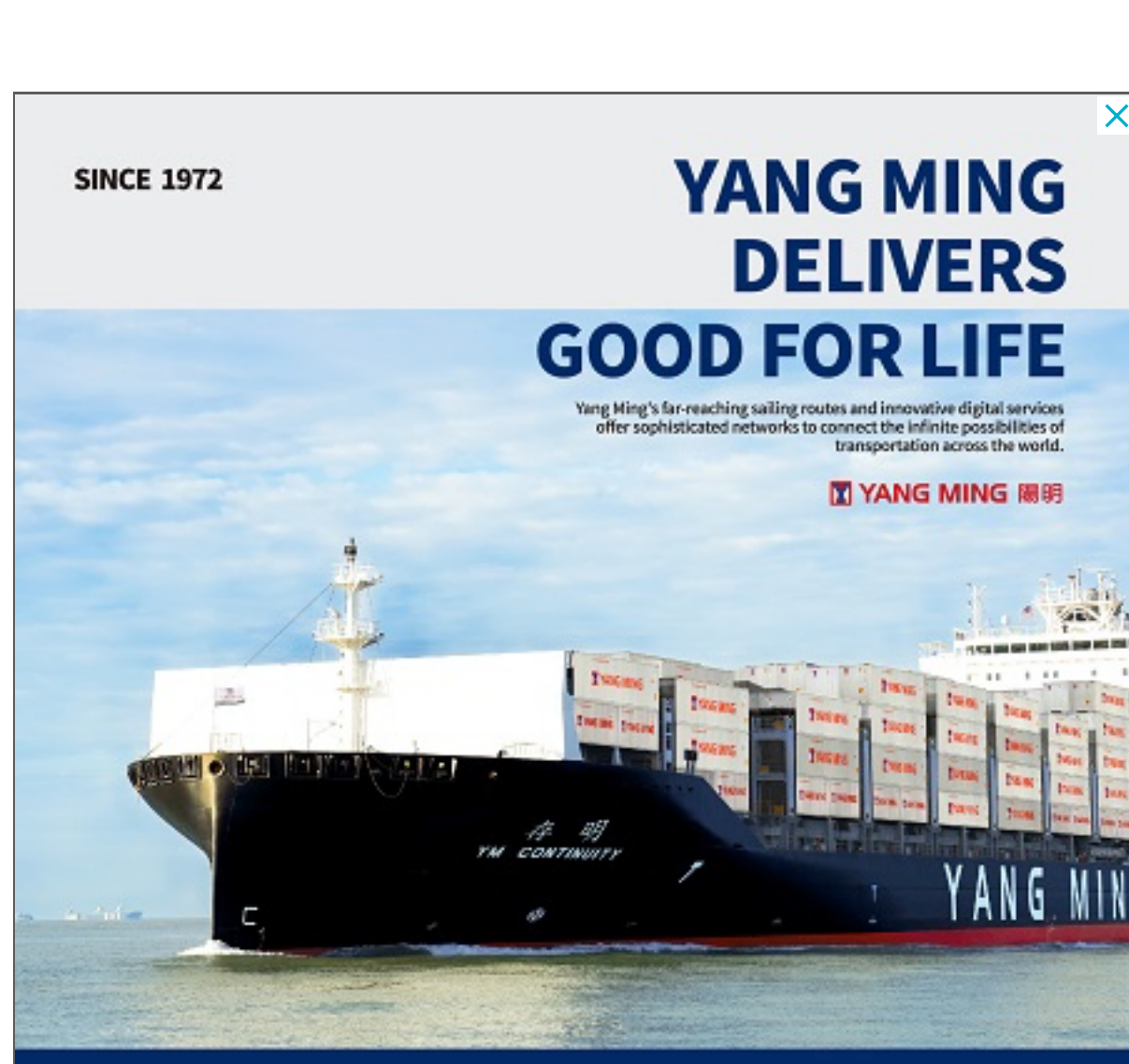
Toepfer Transport says improving demand and the ongoing threat to shipping caused by the Houthi militant attacks in the Red Sea region have boosted fleet utilization.



Latest News

- Red Sea diversions, return to Russia transit boosts China-Europe rail volume
- Roadrunner expands in Atlanta with overhaul of former Yellow terminal
- MPV indices inch higher as global disruptions tighten vessel supply
- US truckload exits slowing, LTL pricing 'normalizing' in second quarter
- Boost in US demand pushes trans-Atlantic Q1 volumes to pre-pandemic levels

[More News](#)



Brand visibility across our Suite of Products **Journal of Commerce** by S&P Global

Quarterly Intelligence
A premium access outlook critical to shippers and transportation providers

[Learn More](#)



Partner Content

Shippers save money, time with automated transportation bidding tools



Create progress

Partner with us to drive growth