

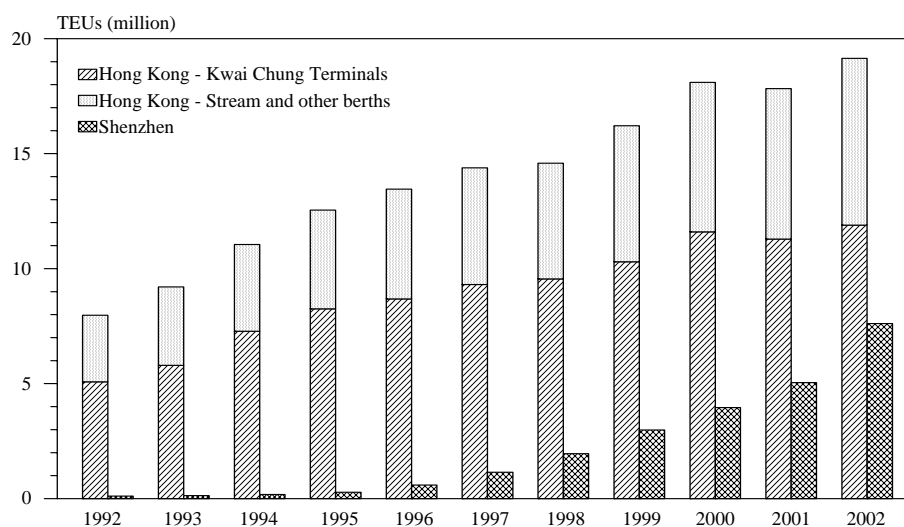
Box 3.2

Container throughput in Hong Kong and Shenzhen

The port of Hong Kong handled a total container throughput of 19.1 million TEUs in 2002, making it the world's busiest container port for nine of the past ten years. A major part of the container cargo handled by the Hong Kong port is either originated from or destined for the Pearl River Delta (PRD) region, which is Hong Kong's primary economic hinterland and extended production base.

However, the status of Hong Kong as the most important gateway for freight transport in South China is being increasingly impinged upon by the rapid development of the container ports in Shenzhen, specifically those in Yantian, Shekou and Chiwan. In 2002, the Shenzhen ports handled a total container throughput of 7.6 million TEUs. Over the past five years, container throughput in Shenzhen grew rapidly, at an average annual rate of 46%. This was much faster than the corresponding average annual growth rate of 6% for container throughput in Hong Kong. These differential growth trends continued in the first eight months of 2003, with container throughput in Shenzhen soaring by 40% over a year earlier, yet with that in Hong Kong up by only 8%. This mainly reflected the improvement in quality and capability of freight handling services as well as the streamlined customs procedures in the PRD region over the recent years. Relatively lower costs for the services in Shenzhen were also highly relevant. These factors are inducing more and more manufactured goods produced in the PRD region being shipped out directly from the ports in Shenzhen rather than indirectly through Hong Kong.

Growth in container throughput in Hong Kong and Shenzhen



Hong Kong's container port will continue to benefit from the rapid expansion of the Mainland economy and the PRD region. But it is likely to get a progressively smaller share of a much larger pie. Against this background, it is important to uphold the efficiency and competitiveness of Hong Kong's container port, as a pivotal facility in Hong Kong's broader trading and logistics sector.