

Voluntary Report – Voluntary - Public Distribution

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Report Name: Hong Kong Ports Respond to Shipping Challenges

Country: Hong Kong

Post: Hong Kong

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Prepared By: ATO Hong Kong, Caroline Yuen

Approved By: Lindsay Malecha

Report Highlights:

Though recent COVID-related challenges are causing port slowdowns elsewhere in the region, local sources report that port operations in Hong Kong remain largely smooth though turnaround times have increased. Hong Kong importers adapted to the global shipping delays of the past year by placing orders further in advance to account for unpredictable arrival dates. As a result, retail and foodservice industries have adequate supplies.

Hong Kong Port Situation

Amid reports of COVID-related port slowdowns at south China's major port and Taiwan, a key Hong Kong terminal operator reports operations at Hong Kong ports remain smooth, though turnaround times have increased. Because of high labor costs and land scarcity, Hong Kong ports routinely operate with a high degree of efficiency. With more frequent route changes during the pandemic, Hong Kong ports' ability to process changes quickly and efficiently has increased demand for services at the port. Given the recent impacts of increased pandemic controls in southern China and Taiwan, more shipping lines have called on Hong Kong for larger transshipment volumes. Consequently, the turnaround time of vessels at terminals increased. While the additional container repositioning lengthens the time ships spend at port in Hong Kong beyond the pre-COVID norm of 2-3 hours, port capacity remains sufficient for the volume of calls on Port.

Global shipping challenges and port congestion since the onset of the pandemic has caused freight charges to rise and made transportation times difficult to predict. (For example, costs from Hong Kong to the west coast U.S. is up about 50%, see below.) Local importers responded by placing orders earlier to maintain sufficient supplies amid likely delays. Retail shelves remain full. In light of higher freight costs, contacts report that some suppliers have stopped or limited exports.

To enhance efficiency, facilitate long term planning and remain competitive, four of Hong Kong's five terminal operators formed the Hong Kong Seaport Alliance in January 2019. The Alliance allows substantial cooperation of deploying shared facilities to enhance efficiency and throughput and to best capitalize berth and yard utilization.

Some intelligence collected about the current market freight from Hong Kong to the United States showed impacts reflected in increased prices:

HK to US East Coast: US\$14K / 40' now (vs US\$8K / 40' in Q3 2020)

HK to US West Coast: US\$8K / 40' now (vs US\$4K / 40' in Q3 2020)

Attachments:

No Attachments.