

Project Title: Integrated Modeling Approach for Increasing Hong Kong Port Competitiveness

研究題目: 以整合模型的方法提升香港港口的競爭力

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Funding Scheme: Research Grants Council - Faculty Development Scheme

- ABSTRACT -



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Integrated modeling approach for increasing Hong Kong Port competitiveness

Historically, the Port of Hong Kong has been a major contributor to Hong Kong's economic growth and prosperity. However, since the establishment of the Special Economic Zone in Shenzhen in 1980, Hong Kong has been steadily losing market share of ocean cargo to new, lower cost competitors in the Pearl River Delta. The biggest threat to Hong Kong Port is the Port of Shenzhen, which by the end of 2013 surpassed Hong Kong in terms of annual container throughput. As a newer port, Shenzhen offers more modern facilities, lower terminal handling fees, and has a higher capacity for handling container vessels. Going forward, it is vitally important for the Port of Hong Kong to increase its attractiveness to the shipping lines in order to stop or reverse this decline in market share. We propose an innovative strategy that goes beyond the standard solutions of cutting costs and maximizing port's productivity. While these considerations are important, we argue that they need to be combined with increase in customer service, which can be achieved by offering shipping lines that call on Hong Kong additional benefits in terms of shorter vessel turn-around time. Through this study, we show that this can be accomplished without sacrificing port's profit margins. We also argue that these benefits should not be implemented 'across the board' but should be based on the presence of time incentives in contracts with freight liners.