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Report Name: The Hong Kong Port Braves Continuing Pressure

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Report Highlights:

Despite disruptions to the global supply chain and worldwide container shortage, the Hong Kong port maintains normal operations. Berth congestion exists but the situation is under control with turnaround time of, at most, one or two days long. The preliminary figure for Hong Kong's January-to-September container processing was 11.2 million TEUS (20-foot equivalent unit), representing a change of 0.1 percent compared to same period last year.

This report is an update to the June 2021 [Gain report](#) on Hong Kong's port situation.

Berth congestion occurs in Hong Kong. Given the interwoven links along global logistics chains, any unpredictable changes in one stop of the route impact other stops such as Hong Kong. As a transshipment hub, the port of Hong Kong has a bigger challenge. Containers carrying transshipped goods arriving at the Hong Kong port may need to wait to be loaded on to other shipping lines which have yet to arrive. Sometimes a vessel cannot leave the port on time because it is waiting for inbound containers which are still on their way to Hong Kong. In addition, in October 2021, Hong Kong was hit by two storms which prompted the closing of the port for one day and the rescheduling of many shipping lines. This exacerbated the current backlogs of containers.

According to contacts at the Hong Kong terminal, the possible impact of U.S. ports operating 24 hours a day has not yet translated into improvements in arrival schedules. Hong Kong shipments often must wait three to four weeks for berth space after arriving at U.S. ports. Hong Kong terminal authorities are hearing that some U.S. ports do not have enough trackers, whereas some European ports do not have enough labor. The Shippers' Council chairman told reporters that, at one point, over 90 cargo vessels in the U.S. west coast were waiting for docking. These kinds of delays certainly impact the entire supply chain. In short, container backlogs and vessels waiting for docking space happen in many ports worldwide varying the extent of the impact on the arrival of shipments.

The Hong Kong's port operations remain smooth but under constant pressure to handle containers not arriving to the port on schedule. The contributing factors for the smooth operation include the close cooperation among major terminal operators allowing the most efficient use of shared facilities such as berths and yards. As such, no berth is left idle waiting for containers to arrive. Hong Kong port operates 24 hours, seven days-a-week except during Chinese New Year and extreme bad weather. Hong Kong does not have a shortage of trackers nor labor, as in the case of other ports. In addition, the pandemic numbers are under control with no reported cases within the local community. Currently, Hong Kong does not have lockdown measures which allows workers to work at terminals as usual.

According to the Hong Kong Marine Department, transshipment cargo accounts for about 60 percent of Hong Kong's container processing. Much of these transshipments are associated with shipments to or from China. As such, when the COVID-19 outbreak in southern China in May 2021 prompted serious shipping backlogs there, many vessels were diverted to Hong Kong on ad hoc basis. As a result, in May 2021, the container throughput by ocean vessels calling Hong Kong surged 17 percent compared to 2020 reaching 1,217 million TEUs.

In fact, Hong Kong's port business has flourished in 2021. The efficiency of the Hong Kong port and relatively reliable shipping schedules successfully attracts additional business. Even though the overall transport cost is relatively higher in Hong Kong compared to ports in China, some shippers have switched to use the Hong Kong port because of more reliable shipping schedules. China's severe pandemic measures such as sudden lockdown poses further uncertainties to shipping schedules.

Even with the existing congestion, the turnaround time in Hong Kong's port is, at most, just one to two days long. All the container terminals have normal operation throughout the pandemic.

Table 1: Year-on-Year Change in Hong Kong’s Ocean Vessels’ Container Throughput



Note: The data does not include container throughput by river cargo vessels.
Source: Hong Kong Census and Statistics Department, Transport and Housing Bureau

While China has restricted energy consumption which might affect production, the Hong Kong shipping industry has not yet noticed any impact on their business. This time of the year (around October and November) is the usual low shipping season when shipments for Christmas and New Year have dispatched well before mid-September. There are more shipping slots available, and prices lower slightly compared to the peak season in September. Nonetheless, shipping costs remain high. A regular 40-foot container from Hong Kong to U.S. west coast not on contractual basis costs around \$16,000 (compared to \$5,000 in late 2009 pre-COVID time).

The Hong Kong Shippers’ Council representative told local reporters that the shipping cost will remain high for some time. The public should expect rising costs to translate into higher product prices.

More information on Hong Kong’s rising food prices can be found in this [report](#): Hong Kong Consumers Feel the Pinch of Logistics Disruption.

Attachments:

No Attachments.