

LCQ5: Releasing part of site of Kwai Tsing Container Terminals for development

Following is a question by the Hon Mrs Regina Ip and a reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (January 26):

Question:

Some comments have pointed out that there is a serious shortage of land in Hong Kong. Although the Government has announced that it will develop a Northern Metropolis with an area of up to 300 square kilometres to provide more land, the land supply problem cannot really be solved in the short term. On the other hand, it has been reported that while Kwai Tsing Container Terminals (KTCT) can handle more than 18 million standard containers per year, its container throughput has decreased continuously in recent years, dropping from 17 million odd standard containers in 2010 to 14 million odd in 2020, representing a decrease of more than 15 per cent in 10 years. In this connection, will the Government inform this Council whether it has studied relocating some of the operations of KTCT to other places in Hong Kong, or even to Mainland cities of the Guangdong-Hong Kong-Macao Greater Bay Area, so as to release part of KTCT's site for development purposes?

Reply:

President,

Having consulted the Development Bureau, my reply to the question raised by the Hon Mrs Regina Ip is as follows:

The Central Government has all along been supporting the development of the maritime and logistics industry, including the consolidation of Hong Kong's position as an international maritime centre. The "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" as endorsed by the 13th National People's Congress on March 11, 2021 and the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" as promulgated in February 2019 also support the development of high value-added maritime services in Hong Kong to better facilitate Hong Kong and Macao's integration into the country's development course.

As an international maritime centre, the significance of the ports in Hong Kong's economy is indisputable. The port and maritime industry is an integral part of the trading and logistics industry, which is one of Hong Kong's four key pillar industries, accounting for about one-fifth of our Gross Domestic Product and 16.8 per cent of total employment. Despite the

challenges brought by the rapid development of other ports within the Greater Bay Area in recent years, the Hong Kong Port, with an estimated throughput of close to 18 million twenty-foot equivalent units (TEUs) in 2021, has maintained its position as one of the top ten ports in the world and is renowned for its quality. It is ranked seventh globally in the Container Port Performance Index launched by the World Bank, reflecting its efficient and quality services. The Hong Kong Port has also earned its reputation as a "catch-up port" as it helps vessels make up for delays caused in other ports.

More than 90 per cent of Hong Kong's freight volume is transported by water, including food, beverages, pharmaceuticals, construction materials and other daily necessities, etc. During the COVID-19 pandemic over the past two years, the incessant operation of Hong Kong's container terminals has played an instrumental role in securing a stable supply of food and other daily necessities.

In other words, there is a need for Hong Kong to retain its container terminals and maintain their current handling capacity. As regards the location, apart from well-equipped berthing facilities, sufficient yard space and back-up land are required for port operations. The Kwai Tsing Container Terminals (KTCTs) handled over 80 per cent of Hong Kong's total container throughput in 2021. With approximately 270 international container vessel sailings per week connecting to nearly 600 destinations worldwide, the KTCTs serves as a major transshipment hub in Asia. With well-established infrastructure and supporting facilities in the peripheral area, including a transport network with extensive connectivity, the operation of the KTCTs at the existing site not only is conducive to the interface between various supporting facilities, but also brings synergy to the development of the surrounding back-up land.

The Government understands that the Hon Mrs Ip is proposing to relocate the container terminals with the expectation of releasing the land concerned for other uses in the short term. However, to identify a piece of land to construct an international container terminal with similar scale and well-established supporting infrastructures, it requires a holistic consideration of a host of factors, including port planning, land requirement, land use compatibility, environmental considerations, water flow, marine channels, road connections and other infrastructure requirements, as well as sustainable development.

We may make reference to the latest example of Singapore's relocation of its container terminals. As early as 2012, the government of Singapore decided to consolidate its container terminals and construct and relocate to the Tuas Port in phases. The whole relocation project is expected to be completed in the 2040s.

It is noteworthy that the Government has been making every effort to increase the land supply, and is spearheading major works including the Northern Metropolis development and the artificial islands in the Central Waters project. We have to consider the fact that Hong Kong's economic status as a trading, logistics and maritime centre hinges on the container terminals

which also affect important issues of our employment and livelihood. Moreover, the relocation of terminals will take a considerable period of time (including identifying and levelling such a large area of land, providing the necessary transport and infrastructure facilities to support terminal operations, and constructing relevant terminal facilities before re-provisioning of the terminals). As such, freeing up the land in Kwai Tsing from relocating the existing container terminals may not be materialised in the near to medium term. As compared with other major land supply options, the relocation will not make available land earlier, or give rise to a net increase of land in general. We will consider studying the land development of the KTCTs at an appropriate juncture, having regard to the needs of Hong Kong's social and economic development.

President, the Hong Kong Port is operating smoothly. We will continue to enhance its competitiveness by strengthening the existing port facilities. We will continue to monitor the development of the Hong Kong Port, including the changes in cargo throughput, to ensure that necessary port facilities and port-related infrastructures can be provided in a timely manner to support the port development. The Under Secretary for Development is also present today. We will carefully listen and respond to the questions of the Legislative Council Members together. Thank you, President.