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Impacts of Global Manufacturing Trends on Port Development: The Case of Hong Kong*

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Abstract

Global manufacturing trends may have profound implications for regional port development. This paper studies Hong Kong port (HKP), which has been one of the world's busiest container ports since the 1990s. In recent years, global manufacturers have started to move away from its primary cargo base, the Chinese Pearl River Delta. This study investigates impacts of the emerging global manufacturing trends on HKP development. It is found that relocation of manufacturing to Western Guangdong benefits HKP, while other relocation destinations make HKP less attractive or even irrelevant. Based on the findings, government policies are discussed that may be formulated to support the growth of the port and wider port-related economy.

Key Words : Port Development, Global Manufacturing, Pearl River Delta, Hong Kong

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I. Introduction

Classical port development theory states that "port growth is a function of the production outcomes of firms in the port's adjacent space — or of that space to which it is linked, either in landward space or in areas linked across water or ocean" (Robinson, 1998). This statement is clearly borne out by the rapid expansion of ports serving the Chinese Pearl River Delta (PRD). In the past three decades, the PRD has grown into the "world's factory" for a large variety of labor-intensive products. The latest available data shows that the export of the PRD region in 2012 stood at US$547.7 billion (Invest Hong Kong, 2014). Only six countries (the United States, Germany, Japan, Netherlands, France and South Korea) were able to surpass this volume in that year. To China's total export of US$2,048.7 billion, the PRD region contributed 26.73%, even though it encompasses only 0.57% of China's total landmass. Massive cargoes flowing in and out of the region have boosted regional port development. In 2013, leading ports serving the territory, namely Hong Kong port (HKP), Shenzhen port and Guangzhou port, each took places among the world's top eight container ports in terms of throughput as seen in Table 1. This standing showcases the importance for port growth of the global manufacturing activities of the hinterland and their supply chain systems (Robinson, 2002).

<Table 1> Throughput of the world's top eight container ports in 2013[1)2)]

(million TEUs)

Rank	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Port	Shanghai	Singapore	Shenzhen	Hong Kong	Busan	Ningbo-Zhoushan	Qingdao	Guangzhou
Throughput	33.6	32.6	23.3	22.4	17.7	17.4	15.5	15.3

This paper identifies the critical link between global manufacturing activities and regional port development. Specifically, it studies impacts of the emerging trends in relocation of global manufacturing away from the PRD on HKP development. Since the early 2000s, industrial policies and market conditions have changed dramatically for labor-intensive global

1) MARINE DEPARTMENT 2014b. Ranking of container ports of the world. *In:* DEPARTMENT, M. (ed.). Hong Kong.
2) TEU: Twenty-foot Equivalent Unit