

# Logistics Hub & International Maritime Centre

## Overview

Hong Kong is a **premier logistics and maritime hub** in Asia and gateway for trade between Mainland China and the rest of the world. A strategic location, excellent connectivity, state-of-the-art infrastructure, a sound legal system, high-quality service providers, competitive tax regime, and status as an international business and financial centre give Hong Kong its competitive edge.

## Aviation

- Hong Kong is **within 5 hours' flying time of half the world's population** and 4 hours' flying time of most major cities in Asia.
- Prior to the COVID-19 pandemic, around 120 airlines offer **more than 1,100 flights daily to around 220 destinations worldwide**, including about 50 destinations in the Mainland.
- Hong Kong has Air Services Agreements or International Air Services Transit Agreements with over 50 countries along the Belt and Road.
- In 2019, the **Hong Kong International Airport** (HKIA) handled 71.5 million passengers and around 420,000 flight movements. Air cargo throughput amounted to 4.8 million tonnes. Due to the impact of the COVID-19 pandemic, the passenger traffic dropped to 1.4 million passengers and around 145,000 flights respectively in 2021. Total cargo throughput in 2021 rose to 5 million tonnes, maintaining HKIA's leading position as the World's Busiest Cargo Airport in 2021 (ranking by Airports Council International).
- Airport Authority Hong Kong (AAHK) has commenced **construction of a Three-Runway System (3RS)**, expected to be commissioned in 2024.
- After the full commissioning of the 3RS, HKIA's annual passenger and cargo handling capacities are expected to increase to around 120 million and 10 million tonnes respectively in 2035.
- To reinforce our leading position as an air cargo hub, AAHK is expanding the **express air cargo terminal**, developing a **premium logistics centre** and strengthening the airport's capability in handling high-value, temperature-controlled cargo.
- To foster cross-border logistics and trading activities and e-commerce, the **Air Mail Centre at HKIA will be redeveloped** with a view to bringing the centre into operation by end 2027 the earliest.
- **Tax concessions** were introduced in 2017 to attract aircraft leasing companies to develop their businesses in Hong Kong.
- In 2016, AAHK established the **Hong Kong International Aviation Academy** to nurture local and regional air transport management talents to strengthen Hong Kong's leading position as a major international and regional aviation hub.
- AAHK has obtained the support of the Central Government for **investing in Zhuhai Airport** on the basis of market principles to achieve greater synergy between the two airports, with the aim of strengthening the competitive edge of the entire Guangdong-Hong Kong-Macao Greater Bay Area in aviation.
- AAHK plans to set up an upstream HKIA Logistics Park in Dongguan and an airside intermodal cargo handling facility at HKIA, to facilitate seamless transportation of export cargo from the Mainland to the HKIA for transshipment to overseas destinations.

## Hub Port

- **One of the world's busiest and most efficient ports.** Competitive advantages include free port status, efficient customs and well-established port infrastructure. Water transport accounts for nearly 90% of

freight volume to and from Hong Kong in 2021.

- Hong Kong Port handled nearly 18 million TEUs in 2021. Every week, about 270 international container vessel sailings connect to nearly 600 destinations worldwide.
- An important **regional hub port**, Hong Kong Port provides nearly 190 intra-Asia shipping services per week.
- Extensive liner services coverage underpins Hong Kong's position as an **international maritime centre**.
- **No.4 globally** in the 2021 Xinhua-Baltic International Shipping Centre Development Index, which rates **international maritime centres** in terms of port structure, shipping services and business environment.
- Hong Kong Port maintains **marine cargo movements with over 90 countries along the Belt and Road**.
- Develop a **"Smart Port"** by promoting wider application of digital technology by the industry.

### **Maritime Services**

- **The Hong Kong Maritime and Port Board** was set up in 2016 to foster development of the maritime and port sectors and promote high-value-added maritime services.
- **The Hong Kong Shipping Register ranks 4th globally** in terms of gross tonnage. 10% of the deadweight tonnage of the world's merchant fleet is owned or managed by Hong Kong ship owners.
- With nearly 900 shipping-related companies, Hong Kong can provide **a range of quality maritime services**, including ship agency and management, shipbroking, marine insurance, and maritime legal and arbitration services.
- Hong Kong is **a leading centre for shipping and commercial contract formation** as well as dispute resolution. The High Court maintains specialist lists to deal with admiralty and commercial disputes. A judge of the Court of First Instance heads an Admiralty Court Users' Committee.
- Hong Kong is one of the **most significant international ship finance centres in Asia** – wide range of ship finance products available to suit various customers and investors.
- Over 80 local and foreign insurance companies provide **marine insurance services** in Hong Kong.

Measures to enhance the development of high value-added maritime services include:

- **Tax concessions to foster ship-leasing business**, including exemption of profits tax for qualifying ship lessors and a half-rate profits tax concession for qualifying ship leasing managers, to attract more ship leasing companies to set up and expand business in Hong Kong.
- **50% profits tax concession** to marine insurance businesses, covering cargo insurance, marine hull insurance and marine liability insurance, etc.
- Introducing tax concessions to attract more shipping commercial principals, including ship management, ship agency and shipbroking companies, to establish business presence in Hong Kong.
- Expanding the overseas service network of the Hong Kong Shipping Registry to better support Hong Kong registered ships, including providing technical support and responding to Port State inspection and emergencies.
- The Hong Kong Polytechnic University Department of Logistics and Maritime Studies provides academic programmes ranging from undergraduate to postgraduate levels, with major areas of specialisation in global supply chain and international shipping and transport logistics.
- **Maritime and Aviation Training Fund** supports talent development, to enhance the overall competitiveness and professional competency of the industries.
- **The International Union of Marine Insurance** has set up its Asian hub in Hong Kong.
- **International Chamber of Shipping** has set up its first Asian liaison office in Hong Kong (Hong Kong (China) Liaison Office).
- **The Baltic and International Maritime Council (BIMCO)** has published BIMCO Law & Arbitration

Clause 2020 to include Hong Kong as the fourth named arbitration venue, alongside London, New York and Singapore.

- Expanding the network of Comprehensive Double Taxation Agreements to attract more overseas ship owners and maritime service providers to set up offices in Hong Kong.

### **Logistics Sector**

- To encourage the logistics industry to **enhance productivity through technology application**, the Government launched a **pilot subsidy scheme** in October 2020 with an injection of \$300 million.
- Each eligible third party logistics service provider will receive subsidies to implement up to four projects, subject to a cumulative subsidy ceiling of \$1 million. The scheme is expected to benefit about 300 enterprises.

### **Land-based connectivity**

- **The Hong Kong-Zhuhai-Macao Bridge (HZMB)**, commissioned in October 2018, enables the Western Pearl River Delta to fall within a three-hour commuting radius of Hong Kong. The bridge slashes journey time between Zhuhai and HKIA from four hours to 45 minutes, and between Zhuhai and Kwai Tsing Container Terminals from 3.5 hours to 75 minutes.
- The HZMB and the adjacent HKIA have turned Lantau Island into a "double gateway" to the world and other Guangdong-Hong Kong-Macao Greater Bay Area cities.
- There are currently eight land-based control points serving cross-boundary passengers between Hong Kong and the Mainland. The newest one, the **Heung Yuen Wai Boundary Control Point**, was commissioned in August 2020. With capacity to handle up to 30,000 passengers and 17,850 vehicles per day, this new boundary control point enhances connectivity to eastern Guangdong and further boosts the flow of people and business between Hong Kong and the Mainland.
- The **Northern Metropolis Development Strategy** proposed five new railway projects, which include:
  - Constructing the Hong Kong-Shenzhen Western Rail Link linking up Hung Shui Kiu/Ha Tsuen and Qianhai of Shenzhen
  - Extending the Northern Link, which is being planned, northwards to connect to the new Huanggang Port in Shenzhen via the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop
  - Exploring the extension of the East Rail Line to Luohu, Shenzhen and the provision of co-location arrangement at the boundary control point on the Shenzhen side and provision of a new railway station for non-boundary crossing service between the existing Lo Wu Station and the Sheung Shui Station, with a view to unleashing the development potential around Lo Wu/Sheung Shui North and Man Kam To
  - Extending the Northern Link eastwards from the Kwu Tung Station to connect with the areas of Lo Wu, Man Kam To and Heung Yuen Wai, and further southwards to Fanling via Ta Kwu Ling and Queen's Hill
  - Examining the feasibility of constructing an automated people mover system from Tsim Bei Tsui to Pak Nai to promote the development along the coast of Tsim Bei Tsui/Lau Fau Shan/Pak Nai.

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