Co-Opetition Between the Ports in Hong Kong and Shenzhen from the Users’ Perspective

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ABSTRACT

This study investigates empirically the current level of competitiveness and the major areas for possible collaboration between two adjacent ports in China – Hong Kong port and Shenzhen port, both are among the top ten busiest container ports in the world – from the perspective of their users – freight forwarders and shipping lines. A self-administered questionnaire survey with measurement in Likert scale was used to collect the required data from the users for comparison. Wilcoxon signed rank tests for single and paired samples were used to analyze the data. Results of the analysis show that Hong Kong port excels in facilities, services, and management while Shenzhen port surpasses in location and costs. The respective advantages are related to the historical development of the two ports and their geographical locations with respect to the common hinterland – the Pearl River Delta region. Ways to enhance collaboration between the two ports include, among others, information sharing to improve visibility, road network and other infrastructure investment to strengthen linkage, and joint venture to develop port-centric logistics. The findings shed light on the relative significance of the factors affecting the choice of ports of freight forwarding and shipping companies and provide an objective empirical basis for comparing the competitiveness between ports. The results can help the two ports in question reposition themselves to leverage further their respective competencies as advocated in the resource-based view theory. Major areas identified for possible collaboration between the two ports to achieve mutual benefits as promoted in the network theory also help strengthen the overall competitiveness of the port network in the long run.

Keywords: Collaboration, Container Throughput, Hong Kong, Inter-port Competition, Port-centric Logistics, Shenzhen

1. INTRODUCTION

Globalization and international trade have stimulated the development of world logistics. An efficient and cost-effective supply chain has become one of the critical factors of success in global business (Chopra & Meindl, 2013). Increasingly, manufacturers rely on outsourcing, off-shoring, and logistics integration to gain competitive advantage on cost and service. As a result, global sea freight has increased significantly in volume in recent decades (Figure 1).
Together with containerization technology, the role of container port in the global supply chain has become increasingly critical (Cuadrado et al., 2004). Ports are no longer considered merely as starting or ending points in export and import trades. They are now regarded as important links in door-to-door transport operation as well as major logistics platforms for value-added activities within the supply chain (van Klink & van den Berg, 1994).

With globalization of manufacturing and marketing, global economic growth has shifted towards the rapidly developing countries in Asia such as China, India, and Vietnam. Take China as an example. It experienced an average double-digit annual growth rate in GDP in the 1990s and the 2000s and became virtually the backyard factory of the world (Knoema, 2012). Areas with abundant supplies of cheap labor and resources, such as the Yangtze River Delta region in the eastern provinces and the Pearl River Delta region in the southern provinces, have attracted thousands of foreign investors to set up plants there for production of consumer goods. These goods are subsequently shipped back to developed countries for sale. The accelerated economic growth in China has also raised the average household income hence the demand for imported goods from developed countries. Both of these activities stimulated rapid development of container ports to meet the need for increasing export and import trades. For instance, the two leading ports in China – Shanghai port and Shenzhen port – have both experienced a remarkable growth in container traffic of 338% and 296% from 2002 to 2010 (Containerization International, 2012). Their throughput volumes were 31.7 million and 22.6 million twenty-foot equivalent units (TEUs) respectively in 2011 placing them the top and the fourth ranking ports in the globe (World Shipping Council, 2012). Table 1 shows the top ten busiest container ports in the world in 2010 and 2011 in terms of throughput or annual TEUs processed. The ranking remains unchanged in both years and six of the ports are located in China.

Among the top ten ports as shown in Table 1, the ports in Hong Kong and Shenzhen, which are only tens of kilometers apart, share the same hinterland of the Pearl River Delta (PRD) region as shown in Figure 2. The PRD region is now

Figure 1. Growth in global seaborne trade in recent decades
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