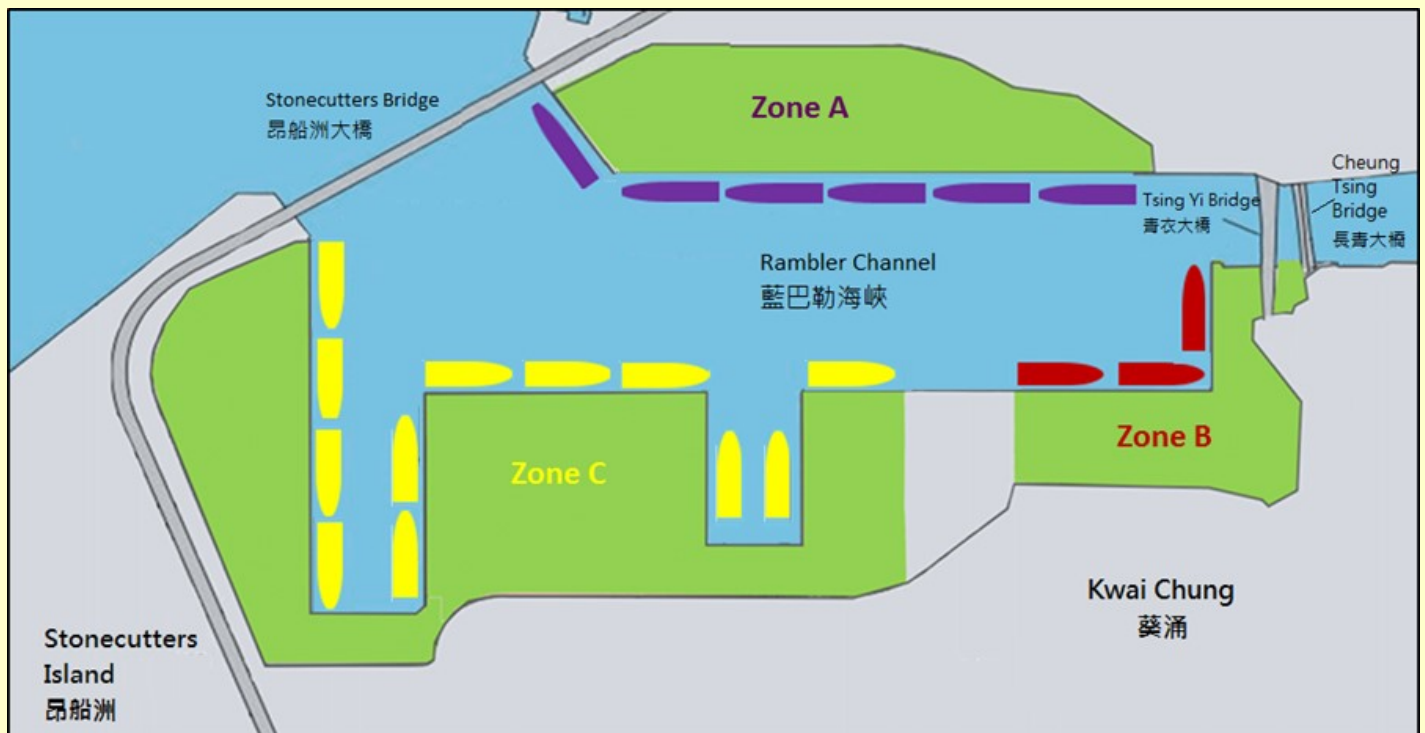


## The new Hong Kong Seaport Alliance provides better services to shipping lines and shippers

In January 2019, Modern Terminals and three other terminal operators in Hong Kong announced the formation of the Hong Kong Seaport Alliance (HKSPA), which aims to make the Port of Hong Kong more efficient and competitive in order to better serve shipping lines and shippers.

The HKSPA was formed to respond to the rapidly evolving needs of shipping companies and to the ever-growing competition from other ports in the region. By increasing efficiencies, optimizing utilization and cost synergies, and improving services to customers, it will allow the Port of Hong Kong to more effectively compete with nearby ports. The Alliance will also reduce carbon emissions and speed the adoption of new technologies, helping to make Hong Kong a “smart and green port.”

The HKSPA started its progressive implementation on April 1. The members’ 23 berths have been divided into three terminal zones — called “home berths” — to provide greater efficiency to shipping alliances and individual carriers. (The home-berth concept is illustrated in the graphic below.) These new efficiencies include the significant reduction — and in some cases elimination — of inter-terminal trucking (ITT).



The HKSPA is also enhancing efficiencies for barge-service providers, thereby increasing the overall efficiency of the supply chain to and from the cargo-catchment areas along the Pearl River Delta.

By adopting a “terminal-neutral” operating model, the HKSPA can improve the utilization of facilities and reduce more than 1,000 hours of vessel waiting time, thus saving 37,000 tonnes of marine fuel annually. We also estimate that some 275,000 ITT moves can be eliminated, again reducing costs to shipping lines. These changes will result in the reduction of 130,600 tonnes of carbon emissions.

Because the new arrangements under HKSPA are being implemented progressively, the complete efficiency gains will be delivered over the next few years.