

# £35m container complex where shipping is big business

The Times & May 1973

by Peter Hill

Shipping is synonymous with Hongkong. Its superb natural harbour provided the impetus for the development of the Crown Colony as one of the world's leading entrepôt centres, also influenced by Hongkong's strategic location in relation to international shipping routes linking Europe with the Far East.

While the multitude of lighters and picturesque junks still play a vital role in the operation of the port of Hongkong, they are rapidly giving way to more modern methods of cargo handling, notably the introduction of advanced container handling facilities. Reflecting this spirit of change, major shiprepairing companies earlier this year joined forces to form a more effective organization in a highly competitive industry. Over-shadowing these developments is the growth of the colony's shipowning activities.

The names of C. Y. Tung and Y. K. Pao, while perhaps not yet as familiar as those of their independent shipowner rivals, Onassis and

Niarchos, have nevertheless established themselves as a major force in international shipping.

Mr Yue-Kong Pao, son of a wealthy merchant from Ningpo, near Shanghai, fled to the colony from the mainland in 1949 and since the mid-1950s has steadily and relentlessly built up a fleet which today numbers 83 vessels with an aggregate of more than five million tons deadweight.

But by 1975, as the ships on order in Europe, but principally Japan, enter service, the WorldWide (Shipping) Group of Y. K. Pao will have a fleet of 130 ships with a total of more than 13 million tons dwt. This will mean that Pao will rank as the largest independent shipowner in the world and his fleet—made up principally of tankers and bulk carriers—will be larger than those operated by most oil companies with the possible exception of Shell and the Exxon Corporation.

Such has been the growth of the colony's shipping interests that it has been estimated that by 1975-76, companies operating from Hongkong will own or control

more than 20 million tons of shipping which is equivalent to about 5 per cent of the total present world merchant fleet, or about half of the British-owned tonnage.

This prompted Y. K. Pao recently to suggest that the colony should become a shipping registry centre rather than have Hongkong-owned tonnage submerged in the tonnage tables of other maritime nations. He considers that such a development would encourage a uniformity of interests between the colony's shipowners and crews.

It is a move which no doubt would commend itself to C. Y. Tung who has quietly built up a huge shipping empire through the Island Navigation Corporation and its associate companies. With a fleet of 100 ships totalling more than four million tons dwt the Tung group's shipping interests are more diversified than those of WorldWide, whose interest lies mainly in tankers.

The latest field into which C. Y. Tung has moved is that of container shipping up through Navigation's subsidiary company Orient

Overseas Container Line. This year, four new container vessels join the company fleet, boosting the total to 11.

Containerization has made a tremendous impact on Hongkong although it will be some years before its full potential is realized. The major new development has been the construction of a container complex at Kwai Chung, on the northern shore of the harbour, which covers 125 acres and incorporates more than 4,000ft of sea frontage.

Although work on the £35m container complex began in 1970 it was four years earlier that Hongkong's port committee commissioned a study of the implications of the growth in container transportation on the colony. This was followed two years later by a government cost and feasibility investigation. When completed, Kwai Chung, £10.6m. Companies involved in WTL are Overseas Containers Limited (OCL), Associated Container Transportation (ACT) and local interests include Butterfield and Swire (HK). The facility and handles vessels of the Trio Lines consortium made up of OCL and Ben Line Containers of Britain, Hapag-Lloyd of West Germany and the Japanese shipping lines, NYK and Mitsui OSK.

Two of these will have back-berths, each 1,000ft long. The other two of 25 acres and 43 acres respectively.

Three berths have been allocated. A fourth has been reserved because it was felt that the adjacent seabed was too steep, while a fifth berth may be provided on a common-user basis for those companies not involved in any of the original Kwai Chung facilities.

The first berth at Kwai Chung began operations last September with the arrival of the container ship Tokyo Bay while the second opened earlier this year. The third is scheduled to enter full operations this summer. The opening of the first berth, able to accommodate the third generation of container ships, marked a significant development of the colony's history as a port.

Covering about 37 acres, it is owned and operated by Modern Terminal Limited, a British company, and represents an investment of about £10.6m. Companies involved in WTL are Overseas Containers Limited (OCL), Associated Container Transportation (ACT) and local interests include Butterfield and Swire (HK). The facility and handles vessels of the Trio Lines consortium made up of OCL and Ben Line Containers of Britain, Hapag-Lloyd of West Germany and the Japanese shipping lines, NYK and Mitsui OSK.

Entry into full service of the Kwai Chung berths will effectively link the colony with Europe and the United States—which take about three quarters of Hongkong's exports—by container ship. By the middle of this decade the new container complex and other facilities are likely to be handling three quarters of exports and a considerable proportion of imports.

Meanwhile, Hongkong is well placed to develop and exploit its strategic position in South-East Asia by acting as a transfer port for cargoes emanating from, and destined for, the large number of countries which cannot be served by direct container ship services. Further LASH-type services can be expected to develop.

As a major port, Hongkong has over a period of many years built up a large ship repair industry and the change in the type of ships, and more importantly the increase in their size, have influenced changes within the industry recently.

Earlier this year Hongkong & Whampoa Dockyard & Engineering Co formed a new joint company, Hongkong United Dockyards, which has taken over the shiprepair, conversion and general engineering activities of the two dockyards in a move to offer shipowners more efficient and competitive services. The C. Y. Tung group, which has established a 400,000 ton capacity floating dock on a site surrounded by 400,000 sq ft of land, is thought to be contemplating

Vol. 4.16 pt. 1  
May 73 - Jan 92