Study on the Economic Contribution of Maritime and Port Industry in 2018

Executive summary

The maritime and port industry underpins the trading and logistics sector, one of the key pillars of the Hong Kong economy. Its contribution to the Hong Kong economy in terms of value added (VA)\(^1\) and persons engaged (PE) in 2018 are summarised below:

- The maritime and port industry contributed HK$29.5 billion to Hong Kong’s gross domestic product (GDP) in 2018. This represented 1.1% of the overall output of the economy. Among this, the port and related segment accounted for about 50%, while the shipping sector and maritime business services contributed about 37% and 13% respectively to the industry (Chart 1a).

- In 2018, the maritime and port industry employed 82,850 persons. This accounted for 2.1% of total employment in Hong Kong. Within this, the port and related, shipping and maritime business services sectors accounted for about 52%, 44% and 5% respectively of the industry’s total (Chart 1b).

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**Chart 1. Economic contribution of the Hong Kong maritime and port industry by sector in 2018**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Value Added (Billion HK$)</th>
<th>Persons Engaged (Persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maritime business services</td>
<td>HK$3.7</td>
<td>3,870</td>
</tr>
<tr>
<td>Port and related</td>
<td>HK$14.7</td>
<td>42,870</td>
</tr>
<tr>
<td>Shipping</td>
<td>HK$11.0</td>
<td>36,120</td>
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</tbody>
</table>

\(^1\) All figures of value added are at basic prices.
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Economic contribution of the maritime and port industry

The maritime and port industry covers port and related, shipping, and maritime business services – herein defined to include activities as follows:

(i) Port and related
   (a) terminal operators, port facilities operators, midstream operation;
   (b) transport by tractors;
   (c) warehousing and storage;

(ii) Shipping
   (a) ship owning and operating;
   (b) ship management and agencies;
   (c) inland water transport;
   (d) cargo forwarding services;

(iii) Maritime business services
   (a) shipbroking;
   (b) ship finance;
   (c) marine insurance;
   (d) maritime legal and arbitration services;
   (e) marine surveying and classification societies;
   (f) shipbuilding and ship repair;
   (g) equipment servicing and supply; and
   (h) maritime education.

2. Results of the study on contribution of the maritime and port industry to the Hong Kong economy in 2018 in terms of VA and employment\(^2\) are as follows:

- The maritime and port industry contributed HK$29.5 billion to Hong Kong’s GDP in 2018, representing 1.1% of the overall output of the economy. Of these, the (i) port and related, (ii) shipping and (iii) maritime business services sectors contributed about 50%, 37% and 13% to the industry respectively (Chart 2).

\(^2\) Employment refers to PE in individual industries.
In 2018, the maritime and port industry employed 82,850 persons, accounting for 2.1% of total employment in Hong Kong. Within the industry’s total employment, (i) port and related, (ii) shipping and (iii) maritime business services accounted for about 52%, 44% and 5% respectively (Chart 2).

(i) Port and related sector

3. In 2018, the port and related sector generated HK$14.7 billion VA, accounting for 0.5% of Hong Kong’s GDP. In 2018, there were 42,870 jobs in the port and related sector, accounting for 1.1% of Hong Kong’s total employment in 2018. The port and related sector’s VA has largely held up over the years, while employment declined in recent years (Chart 3). Yet it remained the largest employer of the maritime and port industry.
(ii) **Shipping sector**

4. The shipping sector contributed HK$11.0 billion to Hong Kong’s GDP in 2018, accounting for 0.4% of the economy. It employed around 36,120 persons, representing 0.9% of total employment of Hong Kong. The contribution of the shipping sector has largely seen a downtrend over the years (Chart 4). The shipping sector’s performance was affected by many factors, such as the demand-supply balance, freight rates, fuel price and international trade. In Hong Kong, the business environment of the shipping sector has been challenging due to the shift of international trade away from water to other modes of transport.

Chart 4. VA and employment of the shipping sector, 2011-2018

(iii) **Maritime business services sector**

5. The maritime business services sector contributed HK$3.7 billion to Hong Kong’s GDP in 2018, equivalent to 0.1% of the economy. Within this, ship finance contributed the lion’s share to the sector in terms of VA, followed by shipbuilding and ship repair which was the largest employer in the sector. Around 3,870 persons were employed in the maritime business services sector in 2018, accounting for 0.1% of Hong Kong’s total employment.

6. For the maritime and port industry as a whole, its VA at basic prices grew by 4.3% in 2018 over 2016, but its share in Hong Kong’s GDP edged down marginally from 1.2% in 2016 to 1.1% in 2018, suggesting that the growth of the industry was outpaced by the overall economy. Over the same period, employment of the industry decreased by 3.3% and its share in Hong Kong’s total employment dropped from 2.3% to 2.1%.
7. Compared to 2016, the VA share of shipping in the maritime and port industry increased, while those of the port and related and maritime business services sectors decreased in 2018, reflecting some recovery of the shipping sector from the slump in 2016. As for labour productivity, the VA per person engaged for the maritime and port industry was about HK$0.4 million in 2018, compared to an average of HK$0.7 million for the Hong Kong economy as a whole. The corresponding figures for the port and related, shipping, and maritime business services sectors were HK$0.3 million, HK$0.3 million and HK$1.0 million respectively, the latter reflecting the high value-added nature of maritime business services.

Conclusion

8. Contributing 1.1% to Hong Kong’s GDP and 2.1% to total employment in 2018, the maritime and port industry has rendered strong support to the trading and logistics sector. The port and related sector remained its cornerstone contributing half of the VA and PE to the industry, while the shipping sector saw some recovery from the global shipping slump in 2016, and maritime business services were a high value-added sector that outperformed the economy at large in terms of labour productivity. In face of challenges posed by the evolving US-China trade tensions and the uncertain playout of the COVID-19 pandemic, Hong Kong’s maritime and port industry will continue to move up the value chain in order to cater for the ever-changing needs of the global shipping business.

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