

Asia's world city

Progressive

Free

Stable

Opportunity

High Quality

December 2008

Unrivalled Connectivity

Overview

Situated at the heart of Asia, Hong Kong is within five hours' flying time of half the world's population, and is the principal international gateway to the Mainland of China – the world's most populous consumer market and largest manufacturing base.

Hong Kong International Airport is the world's busiest airport for international freight and the fifth busiest for international passenger traffic. The city is also one of the world's busiest container ports. Whether goods move by sea, air or land, Hong Kong's world-class infrastructure and integrated services expertise make it the preferred international logistics hub and supply-chain base in Asia.

Hong Kong's success as a logistics hub lies in its superior connectivity. Hong Kong businesses are unrivalled at creating and managing highly flexible supply networks. Goods flow swiftly and efficiently between southern China and the rest of the world – especially now that Hong Kong's economic integration with southern China is accelerating.

Services account for 91 per cent of Hong Kong's GDP. Much of that huge services

sector – from transport and supply-chain management to financial and legal services – involves or supports the logistics industry. The Government keeps the industry flowing smoothly, providing world-class infrastructure along with transparent and efficient customs procedures.

Hong Kong International Airport

Hong Kong has ranked first in the world in international air cargo throughput since 1996. Cargo throughput at Hong Kong International Airport (HKIA) has grown at an average of over 11 per cent a year since the airport opened in 1998, reaching over 3.7 million tonnes in 2007.

In 2008, HKIA was again voted 'Airport of the Year' – for the seventh time in eight years – by the worldwide Skytrax survey. Hong Kong Air Cargo Terminals Limited, HKIA's major terminal operator, was named 'Air Cargo Terminal of the Year' at the Asia Logistics Awards for five consecutive years, between 2002 and 2006, and has won further international awards in 2007 and 2008. To strengthen its hub status, Hong Kong has been liberalising its air services regime by proactively negotiating new air services agreements with other countries and expanding existing aviation networks.

Hong Kong Port

In 2007, container throughput reached 24 million TEUs of containers, making it the world's third busiest container port. In total, some 33 460 ocean-going cargo vessels and 108 950 river-trade vessels visited the port, handling 245 million tonnes of cargo and carrying 26.3 million passengers.

Around 450 container liner services connect to 500 destinations worldwide every week. Renowned for their efficiency, the 24 berths at the Kwai Chung Container Terminals, Hong Kong's primary cargo-handling area, offer round-the-clock service, with a handling capacity of over 19 million TEUs. The Government is actively considering the construction of a new container terminal at southwest Tsing Yi.

Cross-boundary Links

Hong Kong is located adjacent to the Pearl River Delta (PRD), China's most important and productive manufacturing region and the source of about 30 per cent of its exports. Home to thousands of multinational manufacturing enterprises and tens of thousands of smaller operations, it boasts a combined GDP of nearly US\$269 billion, which would place it among the world's top 30 economies.



Hong Kong has invested considerable effort in constructing modern cross-boundary transport links with the PRD, and boundary points connecting Guangdong and Hong Kong are amongst the busiest in the world. In the first half of 2008, an average of around 41 000 vehicles and 450 000 people crossed between Hong Kong and the Mainland border by land every day, while around 500 river cargo vessels and passenger ferries arrived in port. With daily freight trains connecting to about 60 cities in the Mainland, rail completes Hong Kong's multi-modal transport network. Altogether, in the first six months of 2008, there were an average of 570 train connections and about 130 flights between Hong Kong and the Mainland each day.

Ambitious plans continue to improve Hong Kong's road and rail links with Guangdong Province.

The Hong Kong-Shenzhen Western Corridor was opened in 2007, creating a fourth road link between Hong Kong and the eastern PRD and doubling the handling capacity of cross-boundary traffic. Looking ahead, the proposed Hong Kong-Zhuhai-Macao Bridge will enhance connectivity between Hong Kong, the Western PRD and its neighbouring provinces. Construction of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link will begin in 2009, and on completion will reduce travel time between Guangzhou and Hong Kong by rail from 100 minutes to about 50 minutes, and will connect Hong Kong to the national high-speed rail network. In addition, a new eastern corridor between Hong Kong and Shenzhen is under study.

Of additional and increasing importance is the '9+2' Pan-PRD region – a huge, integrated economy covering China's nine southern provinces and including the Special Administrative Regions of Hong Kong and Macao. This new economic mega-group has a combined population of 467 million – similar to that of the European Union – and a combined GDP of US\$1,271 billion, comparable to that of the 10-member Association of Southeast Asian Nations (ASEAN) grouping. With new highways and railways completing the national transport grid, '9+2' is expanding Hong Kong's economic catchment area into China's heartland, opening new manufacturing bases and consumer markets to the world.

Connecting People

Hong Kong serves as the regional telecommunications hub and has developed one of the world's most advanced and sophisticated telecommunications systems, connected to the rest of the globe through multiple submarine and overland cable systems. At the close of 2007, total cable capacity reached 1 321 Gbps.

Hong Kong's telecommunications network is fully liberalised and highly competitive. There are five major fixed telecommunications operators and five mobile network operators, each offering an array of premium, advanced services. The telecommunications system is also fully digitalised – a world first. Broadband networks cover nearly all commercial and residential buildings, and all schools are connected to the internet. The household

penetration rate for broadband service is over 77 per cent. There are more mobile phones than people in Hong Kong – the penetration rate of 157 per cent is one of the highest in the world. The city also ranks first in the adoption of IPTV (Internet Protocol TV), with over one million household subscribers, representing a penetration rate of around 45 per cent.

The city has over 7 300 Wi-Fi hotspots covering 4 400 locations, making it a world leader in the provision of public Wi-Fi services. The GovWiFi programme, expected to be fully operational by mid-2009, will provide around 2 000 Wi-Fi hotspots at some 350 government premises, offering access in all public libraries, job centres, key cultural and recreational centres, community centres, large parks and major government offices.

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