

COOPERATING WITH THE COMMISSION

While the new alliance continues its efforts, the CC's investigation is still ongoing. Specifically, it is investigating "whether the agreement may constitute a contravention of the First Conduct Rule of the Competition Ordinance by preventing, restricting or distorting competition in Hong Kong". A spokesperson from the Commission told **CM** that it hopes to complete its investigation in the first quarter of 2020.

According to a spokesperson from HIT, HKSPA has continued to engage in discussions with the Commission and has consistently kept it informed of its efforts to boost Hong Kong's competitiveness. "Port alliances also exist in other countries; overseas anti-competition authorities, as well

as governments, have also recognised the benefits of collaboration in similar cases," they said.

A spokesperson from Modern Terminals added that the company has been voluntarily providing information to the Commission since April 2018, and it will continue to work with the body to help it conclude its review of HKSPA as quickly as possible.

According to Ng, it is standard practice for the CC to conduct an investigation of this kind. "The Commission has not provided any details on what the final result of its investigation will be, but the port operators are trying to get the industry to support the alliance and I believe that it is looking quite promising," he added.

A new look for Taiwan

While China pushes forward with its Belt and Road Initiative (BRI) and Hong Kong attempts to increase competitiveness with its new port alliance, throughput at ports in Taiwan is still growing and its leading facility, Kaohsiung, is going through a reorganisation.

Overall container handling volumes at facilities owned by Taiwan International Ports Corporation (TIPC) grew by 2.7% year-on-year in 2018 to reach 15.3m teu, its highest ever throughput. Volumes at the Port of Kaohsiung rose slightly by 1.7% to 10.4m teu. According to a TIPC spokesperson, seen in light of the current international political and economic turbulence, sluggish global trade and the network restructuring of the new shipping alliances, the performance of its ports is a clear sign that the company is maintaining its competitiveness.

In December 2018 the Taiwan-based Evergreen Marine signed a lease agreement with the Port of Kaohsiung to operate Container Terminal 7, which is currently under construction. According to the agreement, five new deepwater berths will be built at the facility and will be leased to Evergreen. With a total quay length of 2.4 km and a water depth of 18 m, the new berths will bring the terminal's annual capacity to over 4.5m teu and will allow it to accommodate five 22,000 teu ultra-large container vessels (ULCVs) simultaneously.

The project has two phases: two and a half berths will be constructed as part of Phase 1 and are expected to be completed in 2022, while the remaining two and a half will be built in Phase 2, with completion scheduled for 2023. According to the spokesperson, this is the largest port construction project ever undertaken in Kaohsiung.

"The new lease agreement bolsters Evergreen Marine's long-term commitment to developing the Port of Kaohsiung as its key transshipment centre in East Asia while raising its overall investment in the global shipping market," they added. "TIPC will strive to build the most important external roads of Container Terminal 7 as soon as possible to improve future freight transportation."

With the completion of Terminal 7, Evergreen is planning to leave its current location in Terminals 4 and 5, and consequently TIPC is planning to relocate the port's existing terminal operators according to their demands, optimising

the terminals' resources and integrating leased berths to reduce operating costs.

"TIPC is planning to set up joint venture (JV) terminal companies with current operators to run terminals in Kaohsiung," the spokesperson told **CM**. "This would see TIPC becoming a strategic cooperative partner rather than a landlord to the tenant carrier and would reduce the operating costs of JV partners. It would also enable TIPC to team up with carriers to attract services from container alliances."

In December 2018 Kaohsiung began receiving weekly calls from 20,000 teu container ships operated by the Ocean Alliance and deployed by Evergreen on its far European route. These are the largest vessels to have called at a Taiwanese port to date.

▼ Throughput at Kaohsiung grew by 1.7% in 2018

▼ ▼ A 3D simulation of the future Container Terminal 7, which will be operated by Evergreen

