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Dockers Strike Delaying Shipments

Report Categories:

Agriculture in the News

Fresh Fruit

Livestock and Products

Poultry and Products

Approved By:

Erich Kuss

Prepared By:

Caroline Yuen

Report Highlights:

Dockers strike continued over 10 days in Hong Kong, affecting delay in shipments in the world's 3rd container terminal. About 500 of a total of 3,400 dockers have been staging a strike asking for improved pay and working conditions. The affected terminal operator assured that they are able to maintain about 70 percent of the operation. General delay in shipments is expected but the overall impact was not significant in the past week. Perishable items such as fruits and vegetables are mostly affected. Damage has been reported. Meat importers commented that their purchase decision so far has not been affected by the strike but if it continues, they may order shipments directly to China instead of going through Hong Kong if they are ultimately for the China market.

General Information:

Hong Kong has a total of 9 container terminals with 5 operators. Hong Kong International Terminal (HIT), the largest operator accounting for 70 percent of all containers handled by Hong Kong, is the one affected by the strike. The 500 striking dockers are all hired through contractors. However, HIT directly hires about 1,500 dockers who have not participated in the strike. Furthermore, the company started to hire some retired dockers as a contingency measure to combat with the current shortage of manpower. Therefore they are able to maintain the majority of their operation.

Operations by other terminal operators have not been affected. Thus Hong Kong's terminal operation has not been paralyzed and is still in operation. According to HIT, they are able to assume 70 percent of their normal operation capacity.

According to industry representatives, most of the imports and exports handled by Hong Kong terminals are related to trade in the Southern part of China. Therefore, there is room to divert some of the routes to ports in the region. The real worry is that the strike will lead to the continual shifting of terminal businesses to Singapore or Shenzhen. It is this long-term effect that is more devastating to Hong Kong than the delay in shipments in the short term.

While the long term effect takes time to surface and evaluate, the strike already posed immediate impact. Between March 30 and April 17, 54 liners have decided to go to other ports rather than to Hong Kong. (There are about 450 liners loaded or unloaded in Hong Kong's terminals each week.) Reportedly, there is general delay ranging from 1 to 5 days for shipments getting in or out of Hong Kong and importers take 2 to 3 times more time to obtain their consignments. For example, they normally take one hour to obtain their consignments and now it takes two to three hours.

The most discernible impact is for perishable items like fruits and vegetables. Damages have been reported due to delay in unloading the products. Fruit industry predicted that supply will be reduced by next week and retail prices will rise accordingly.

As for meat importers, they have not yet felt the pinch other than the general delay and inconvenience. Their purchase decision has not been affected by the strike but if it continues, they will consider arranging direct shipments to China for re-exports.

Despite government's efforts in settling the strike, both the employer and employees have been firm in their position and negotiation has not yet started as of today. The strike has gained support of other sectors and already gathered some HK\$2 million (US\$257,000) public donation for distribution to strikers. The movement has been supported by a local workers union, who warned that as a next step they are preparing to rally support from their international counterparts.

Despite the strike has not paralyzed Hong Kong's terminal operation and the impact is manageable at the moment, if not solved timely, it has every tendency to develop to widespread social discontent, affect Hong Kong's long term terminal businesses, and connect to overseas worker unions.