

**Position paper of Hong Kong Logistics Association (HKLA)
Hung Shui Kiu New Development Area (HSK NDA) Planning and Engineering Study
- Stage 3 Community Engagement**

The recent impact of global/internet trade on Hong Kong logistics industry and the future implementation of the China's policy for national economic development policy – 'one belt one road' definitely demands for a 'modern logistics park' in Hong Kong that can support the Hong Kong economy to be sustainable.

The paramount idea for establishing the whole economic base in HSK NDA is the integration of various activities from the 37 ha of logistics facilities, 24 ha of port backup, storage and workshop uses, 13 ha industrial and 9 ha enterprises and technology park. A total of 83 ha of land in the western part of the NDA will create a lot of synergy which can be achieved if the land is comprehensively developed. The right industry offers a huge opportunity for logistics and the associated entrepreneurship to generate more business opportunities for Hong Kong.

Our vision is to develop a **Smart Logistics Park (SLP)** in HSK NDA. The Association strongly recommend establishing a Logistics Management Bureau to set the policy and development plan for the use of land, Park management and professional training (establishment of vocational/professional logistics training institute) so as to achieve synergy for sustaining the competitive development of Hong Kong logistics industry. However, it is understood that the management model of a logistics park still requires further study including the possibility of a public private participation mode (PPP) or a kind of collaboration via the establishment of an authority, e.g. Science Park Authority, would be of use.

Vision of Hong Kong logistics industry in 2037: Smart Logistics Park in HSK NDA

The logistics facilities in HSK NDA are expected to be in use in around 10 years time. The HKLA envisages Hong Kong would become a regional e-commerce, cold chain and high-value logistics hub¹ by then. The logistics area in HSK NDA should be designed as a Smart Logistics Park (SLP) bearing the following specific objectives and features.

Objectives:

1. A capable organic development of SLP can evolve overtime to meet future market demand;
2. A one-stop-shop concept and capability to provide a seamless inbound and outbound freight movements with low carbon emission and environmental friendly development;
3. Decanting of the current operators would be carefully managed since a successful implementation of SLP can resolve the short, medium and long term land requirements;
4. It will optimise the resources within the park by latest computer technology (Cloud/Big Data applications) integrating various logistics operations in different buildings and traffic demand/movements inside the SLP;

¹ High value goods refers to premium products such as medical, health food, jewellery/watches/fashion/electronics etc., which demands high value-added services.

5. In order to maintain the sustainability of logistics industry, co-locating a vocational and professional logistic training institution is essential;
6. Special logistics hub functions with associated services such as product certification, testing and inspection;
7. Setting up an authority to collaborate with the operators in the SLP to materialise its full potential.

Special infrastructure to be provided therein:

- For multi-storey building, efficient internal traffic arrangement either by direct ramp access or fast speed cargo lift, appropriate floor ceiling and loading to meet the demand for various storage system requirements and even temperature control environment;
- Large footprint floor allows for efficient semi or fully automated storage, sorting, picking and packing systems;
- Mixed usage within the multi-storey building for testing and certification, education training and business logistics activities;
- External high speed transport network connects HSK (as a hub) to Hong Kong International Airport in the south and Shenzhen domestic airport in the north to form an international and domestic air transport business logistics belt;
- Special land areas have to be reserved for long term land bank or special areas for cold chain and dangerous goods logistics.

Other specific views

1. Potential issues with 2-ha site plan

According to current proposed layout, each land parcel is around 2-ha. Multi-storey building with direct ramp access will reduce the net operational area by less than 50%. The Association recognizes that there are various scale of operation and different size of the sites are required. However, in order to enhance the efficiency ratio, two 6-ha sites (12 ha out of the 37 ha of logistics land) (Appendix 1) are recommended to achieve economies of scale and special need for the industry so as to maintain competitiveness.

2. Land use optimization by establishing multi-storey building for the initial stage

The HKLA recommends to establish 2 multi-storey buildings on each 6ha site to cope with decanting as well as the urgent need of the current industry:

- 2.1 The ground level is reserved for car repairing, workshop uses or storage of containers capable to stack 5 level of containers to support the current logistics operations in the territories;
- 2.2 The medium level is reserved for warehousing usage, which is targeted for current e-commerce products and high-value goods;
- 2.3 The top level is reserved for office use, training institute or testing and certification operations, etc.;
- 2.4 For each multi-storey building, sufficient numbers of high-speed lifts and loading bays are a must;
- 2.5 The other 25 ha land (37-12 ha) and part of the port back-up lands are allocated for middle and long term land bank reserve and some for handling cold chain goods or

dangerous goods subject to further study to meet the medium and long term market demand.

3. Co-located vocational and professional logistics training institute

The Smart Logistics Park would demand a new skill set for various advance type of logistics operation and acting as the most important employment sector in the Northwest NT. As the trend for developing the Logistics Park of next generation, it is necessary to have training institute running parallel with the logistics operations. The HKLA proposed to setup the vocational/professional logistics training institute by VTC in HSK NDA to:

- 3.1 provide job enhancement program for different levels of logistics talents;
- 3.2 cultivate a prosperous career path for the youth with proper logistics training;
- 3.3 reduce the commuting cost and time for the labour working and studying within the Smart Logistics Park

4. Possibility of relocating the open storage of containers outside HSK/connecting with HKBCF Island

Due to the insufficient supply of port back up land in container terminal areas, some areas in HSK NDA have been reserved for open storage of containers. In fact, this is not appropriate because it is costly to transfer container between Kwai Tsing container terminals and HSK. The best use of the HSK land should be performing a logistics hub function. The possible site for container storage is the area around Stonecutters Island. In addition, it is possible to connect with the proposed logistics development in the Hong Kong-Zhuhai-Macao Bridge Boundary Crossing Facilities Island (HKBCF) to achieve another synergy.

5. Other ancillary uses

There are different associated facilities to be co-located to ensure overall efficiency of the SLP by incorporating the following:

- 5.1 Developing waste management and recycle facilities/uses e.g. shredding service of packaging material with luxurious brand print-on, wooden pallet handling etc;
- 5.2 Allowing some sports facilities for workers in the current layout;
- 5.3 Provision of sufficient electricity supply, internet connectivity (broadband, wifi access) and public commuting facilities; and
- 5.4 Vehicle back-up facilities such as gas station/power charging points/ washing station/repairing.

6. Conclusion

The Association is glad to see the solution space in HSK NDA provided for Hong Kong logistics industry. We should make use of this opportunity to leap forward our stagnant industry with the recommendations. It is truly hoped that the Government can adopt the Smart Logistics Park concept in developing the western part of the NDA.

Hong Kong Logistics Association
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Appendix 1. Establishing 2 6-ha sites in Hung Shui Kiu New Development Area

