Government's Role in the

Container Terminal Industry's Competitiveness:

Case Studies on Hong Kong, Shenzhen,

Guangzhou and Shanghai

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ABSTRACT

Michael Porter’s book *The Competitive Advantages of Nations* originated the debate on national competitiveness. Porter states that government’s role is indirect in the competitive development of an industry. Government should only play the role as catalyst, encouraging companies to raise their aspirations and move to a higher level of competitive performance. The Hong Kong government practices a laissez-faire non-interventionist policy in the development of the container terminal industry (CTI). Hong Kong successfully developed a world class CTI in the 1990s. Hong Kong is the only major port in the world not run by a port authority. However, after China’s accession to the World Trade Organization in 2001, Hong Kong’s CTI has started to lose its competitive advantage due to expensive terminal handling charges (THCs) and keen competition from neighboring ports. Development of Shenzhen and Shanghai ports are key projects under the State Council’s strategic plan. Since the beginning of the 21st century, Shenzhen and Shanghai ports have had double-digit growth rates in container throughput. Conversely, Hong Kong’s CTI has only averaged 5.7% growth.

This study focuses on case studies of ports in Hong Kong, Shenzhen, Shanghai and Guangzhou to test the variables of Porter’s Single Diamond Model. It presents evidence to examine the government’s role and regional cooperation as the main determinants for maintaining competitiveness in the CTI.
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