Larry Fink – have you priced in adaptation $$$ for fast rising seas into your port buying spree?

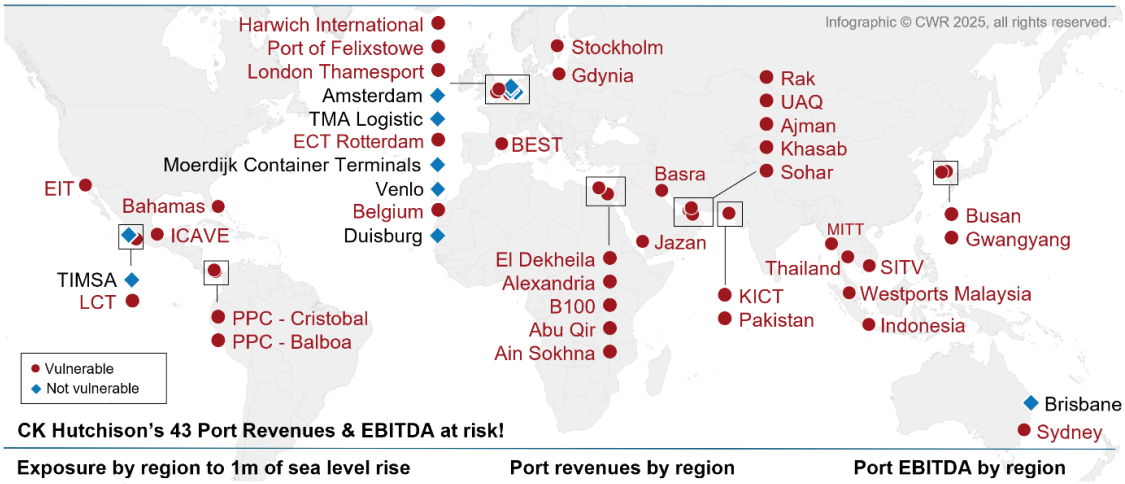
Think before you buy! 36 of the 43 CK Hutchison ports you're trying to buy are vulnerable to just 1m of sea level rise

22 April 2025 – Hong Kong, Larry Fink's 2021 letter to CEOs said that *"No issue ranks higher than climate change on our clients' lists of priorities"*. If that was the case, as port infrastructure is coastal and will feel the brunt of fast rising seas, his team should have carried out climate stress tests before offering to buy 43 ports of CK Hutchison Holdings Limited (CK Hutchison) located in 23 countries for US$22.8bn. But in case they haven't, we decided to do a quick analysis for BlackRock to see how many of the 43 ports would be vulnerable to 1m of sea level rise which is possible by 2070 if current high emissions were to continue.

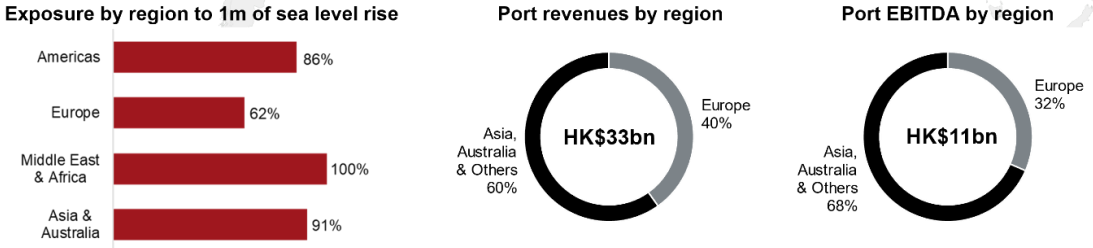
Here are ice cold truths to chew on while conducting due diligence …

84% or 36 of the 43 ports are vulnerable to just 1m of sea level rise – these are marked in red in the map below. On a global scale 1m of sea level rise could happen by 2070, but as seas don't rise evenly, regional disparities means that this could happen as early as 2050 in regions that are closer to the equator. **Exposure of port revenues and EBIT by region is clear.**

Think before you buy!
36 of 43 ports of CK Hutchison offered for sale are at vulnerable to 1m of sea level rise ...



CK Hutchison's 43 Port Revenues & EBITDA at risk!

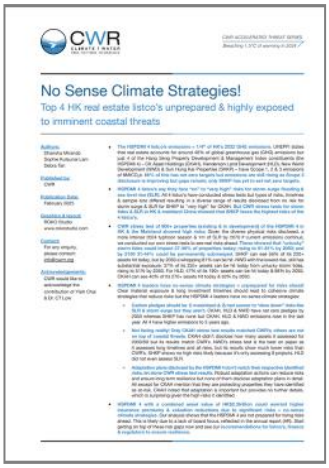


Source: CWR analysis, CK Hutchison Holdings Limited stock exchange announcement of in-principle agreement entered into on 4 March 2025 with BlackRock, Inc., Global Infrastructure Partners, and Terminal Investment Limited, CK Hutchison Holdings Limited Annual & Sustainability Report FY2023

Costly adaptation measures will have to be ramped up for all vulnerable ports. According to a study commissioned by HSBC, the adaptation of just two key South Korean ports in Busan & Gwangyang (where CK Hutchison has port operations) is estimated to cost US$2.6-5bn for 0.6-0.8m of sea level rise plus 1-1.5m of storm surge – this includes adapting the container yard & warehouse areas. **US$2.6-5bn for just 2 ports is clearly significant given that entire deal for the 43 ports is worth US$22.8bn; adapting for 1m of sea level rise plus storm surge will cost even more.**

Selling to avoid adaptation $$$? In 2023 Hutchison Ports completed a global climate risk assessment and according to its sustainability report, engaged an external consultant to support its climate-related strategy with the aim of disclosing its ESG-related issues in subsequent sustainability reports. Although the 2024 report has yet to be published at the time of writing, it is likely that CK Hutchison is aware of its exposure to rising seas.

Indeed, this was the case for CK Assets Holdings Limited (CK Assets), another Li family listed company, which we covered in our recent report analysing the climate strategies of Hong Kong's Top 4 developers. It's worth noting that CK Assets was the only company out of the four that accurately described its asset exposure to coastal threats (storm surge & rising seas) as "very high". As Victor Li is the Chair of both CK Assets & CK Hutchison, **it is likely CK group may be aware of the very high risks its ports face from coastal threats and may be taking the opportunity to offload vulnerable assets.**



There's no negotiating with the melting point of ice – know the real risks before you buy. Our quick analysis shows that 36 of the 43 ports face very high risks from rising seas, and we recommend BlackRock and other parties involved in the transaction, to conduct more in-depth analyses that will provide greater detail and granularity on their exposure & need for future adaptation spend.

The science is clear – 2°C is too hot for ice and even at today's temperatures unimaginable extreme events in Greenland & Antarctica means that both regions are warming faster than we thought, throwing off ice melt & sea level rise projections.

Since BlackRock has formally withdrawn from the Net Zero Asset Managers initiative in January 2025, it should be ready to spend on adapting and preparing its investments for rising physical risks – at least climate stress tests should be *de riguer* prior to investment decisions. **There is too much to lose if you are not on top of hidden ice risks and how their accelerated melt will impact sea level rise – we strongly urge you to check out the factsheets below, produced in collaboration with top cryosphere scientists & institutes.**

Global warming of 1.3°C today means that our cryosphere is in dire straits. Mountain glaciers are vanishing fast and ice sheets, permafrost & sea ice in the Arctic & Antarctica are also seeing rapid losses. Over 14 trillion tonnes of ice have been lost in the last 30 years – this means we've on average lost over 50 million tonnes of ice every hour for the last 30 years from our mountains & polar regions!

*So, get on top of hidden ice risks with **CWR's 13-Factsheet Guide** and help us stop the melt!*
Together, we can slow down fast rising seas & preserve our freshwater ice banks.

About CWR

In an era marked by unprecedented accelerating water & climate threats, CWR aims to unpack and value complex climate & water risks; rethink transition to "slow down" these risks; and build resilience so that finance, corporates and governments can all make better decisions today for water tomorrow. Since 2011, the think tank has worked from its Hong Kong base to engage with global finance and business in understanding and managing various types of water & climate risks in China and across Asia. CWR's collaborative reports with financial institutions, IGOs, scientists as well as government related bodies are widely cited by the media to banks and the IPCC – they have been instrumental in understanding Asia's water challenges and informing disclosure frameworks; they compel us to rethink climate & water risks for resilience.

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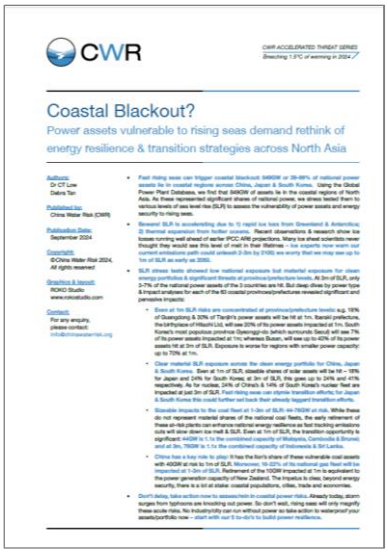
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Power assets vulnerable to rising seas demand rethink of energy resilience & transition strategies across North Asia

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