

**For information on  
22 October 2012**

**LEGISLATIVE COUNCIL  
PANEL ON ENVIRONMENTAL AFFAIRS**

**Update on Incentive Scheme on the Use of Cleaner Fuel  
by Ocean Going Vessels at Berth**

**PURPOSE**

This paper provides an update on a 3-year incentive scheme on the use of cleaner fuel by ocean-going vessels (OGVs) at berth in Hong Kong waters.

**BACKGROUND**

2. Vessels have become one of the major local air pollution sources in Hong Kong, being the largest source of respirable suspended particulates and nitrogen oxides, and the second largest source of sulphur dioxide after power plants. The emissions of OGVs while at berth account for about 40% of their total emissions within Hong Kong waters. Requiring OGVs to switch to cleaner fuel while at berth can improve the air quality around the port area.

3. In his 2012-13 Budget Speech, the Financial Secretary proposed to reduce by half the port facilities and light dues of those OGVs that switch to cleaner fuels (with sulphur content not more than 0.5%) while at berth in Hong Kong waters.

4. Having regard to the practices of the marine trade and other places which have implemented similar schemes, we drew up the implementation arrangements of the incentive scheme accordingly and briefed the Panel at the meeting on 28 May 2012.

**APPLICATION PROCEDURES**

5. All OGVs must be registered with the Environmental Protection Department (EPD) before joining the scheme. If a registered vessel wishes to switch fuel and apply for the incentive in a particular port call to Hong Kong, the shipmaster (or shipping agent) can submit an application before or upon berthing. After completing the fuel switch and leaving Hong Kong waters, the shipmaster (or shipping agent) has to provide relevant documents<sup>1</sup> to substantiate completion of the fuel switch activities. If the application is in order, the Marine Department will reduce half of the port facilities and light dues accordingly.

6. To facilitate compliance checking, the shipmaster must keep the originals of the relevant documents proving the use of low sulphur fuel while at berth in Hong Kong for at least one year for inspection upon our request.

## **PUBLICITY**

7. We have publicised the incentive scheme through briefing the Port Operation Committee, relevant trade associations and business chambers. We also arranged a briefing session for the shipping agents, ship-owners and ship operators in mid-September 2012. We have also sought the Economic and Trade Offices' assistance to publicise the incentive scheme overseas. Details of the incentive scheme have also been uploaded to EPD's webpage.

## **APPLICATION STATUS**

8. Registered OGVs can apply for reduction in port facilities and light dues for port calls starting from 26 September 2012. As of 15 October 2012, 474 OGVs were registered. We received 129 applications for the incentive and 97 applications have been approved.

## **WAY FORWARD**

9. We will continue to encourage the shipping industry to participate in the incentive scheme. We are also joining hands with the Guangdong Provincial

---

<sup>1</sup> The required documents are: (a) a copy of Bunker Delivery Note of low sulphur fuel (not more than 0.5% sulphur); and (b) a copy of the relevant page of the Engine Room Log Book recording the fuel switching activities.

Government to explore mandating the fuel switch for OGVs at berth in Pearl River Delta waters so as to attain greater environmental benefits and ensure level playing field amongst the ports in the Pearl River Delta area.

10. We shall report on the progress of the incentive scheme to the Panel on an annual basis.

**Environmental Protection Department**  
**October 2012**