

13<sup>th</sup> January 2020

Legislative Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Members of the Legislative Council,

**Written submission on promoting the use of electric vehicles**

Civic Exchange would like to express our views on promoting the use of electric vehicles for your consideration.

Hong Kong's current transport network relies heavily (almost solely) on fossil fuels – whether it is gasoline, diesel, LPG (liquefied petroleum gas) (97%) or electricity (3%) from its predominantly coal/natural gas power generation mix. As one of the most densely populated cities in the world, Hong Kong is missing the opportunity to take leadership in electrifying its road transport system. The transition to electric vehicles will benefit from a stable and resilient electricity grid network, a compact city where public charging facilities are easily accessible and an affluent society where car ownership is inevitable and thus can attract investment in relevant infrastructures, all of which are attributes which Hong Kong possesses. While Hong Kong has its unique challenges in the transition to electric vehicles, for example a predominantly double-decker bus system, these challenges are not insurmountable when they are met with a clear policy vision, strong government leadership and corresponding investment.

We acknowledge the Government's effort in promoting the use of electric vehicles to reduce roadside air and noise pollution; however, our city can benefit from a more holistic and strategic approach towards a sustainable land transport system. In April 2017, the Government raised taxes on electric cars, removing the price differential which encouraged consumers to purchase greener models. While the move could deter car ownership, it no longer incentivises consumers to favour electric vehicles (EVs) over traditional vehicles run on internal combustion engine (ICE). Civic Exchange believes there should be no tax breaks on any cars, at a time when the city's roads are getting more congested. However, fiscal incentives to boost the value proposition of EVs, e.g. waivers to access restrictions, lower parking/toll fees or setting zero-emissions mandates, is important for driving the transition from ICE vehicles to electric vehicles.

Another bright spot has been recent years' improvement of the air pollution problem – the scrapping of older diesel vehicles and voluntary low sulphur fuel refuelling schemes for ships berthing close to the city have led to significant progress, but air pollution is still severe. Locally, heavy trucks and buses are the biggest perpetrators, representing up to 80-90% of pollutants affecting people's health, and have a major share as carbon dioxide (CO<sub>2</sub>) emitters.

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Nowadays, innovation is being tied with having agile organisations that act fast, build fast, make mistakes, quickly learn from them and innovate for the next best solution. Governments around the world have been looking into various new practices to become more agile and therefore, more innovative. With such strong financials, the Hong Kong Government is well-placed to make these investments.

## **Recommendations**

Civic Exchange is working on a comprehensive study of the measures needed to achieve greater sustainability in the Hong Kong land transport system, which will be published in 2020. The scoping study of this research project showed that electrification of vehicles will be a key measure to mitigate air pollution and climate change-related emissions – thus working to safeguard and enhance the quality of life in our city.

In October of 2019, Mr Wong Kam-Sing, Secretary of the Environment Bureau, for the first time expressed publicly that Hong Kong had the ambition to phase out fossil fuels in the transport system. Civic Exchange believes this ambition can be made possible between now and 2050 if we start working with three measures:

**1. Adopt a common vision for what the Hong Kong transport system of the future should look like.** We propose that vision to be:

*By 2050, Hong Kong's transport system, encompassing both the flows of people and goods, will be a force for good – enabling world-class quality of life, economic opportunity and inclusive and equitable society. Vehicles in all categories will emit no tailpipe emissions, produce a minimum of noise and vibrations, and offer world-leading comfort, coverage and affordability. The transportation system will also be a key enabler of Hong Kong's long-term journey to a carbon-neutral society by enabling a shift away from fossil fuel sources.*

**2. Set the right targets to achieve that vision.** Targets for the transport sector, concerning air pollution and carbon dioxide emissions, need to be set according to public health concerns and a 2050 net-zero carbon objective respectively. For us to cope with ambitious targets, these targets should be planned for the long-term to allow industry and users to plan ahead, invest and adapt.

**3. Create the partnerships needed for change.** Due to the large-scale nature of the change needed, locked-in characteristics of the investments made, and the multi-stakeholder make-up of the transport system, these changes cannot happen on their own through traditional market mechanisms. Each transport mode needs its task force and multi-stakeholder groups to plan, test, implement and achieve the transition to a sustainable transport system.

These three measures will provide the foundation upon which individual action plans for each transport mode can be implemented. Civic Exchange's 2020 Sustainable Transport Study will

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endeavour to provide that information in detail. Furthermore, the study will explore activities common to all land transport modes that should be put into place to support the transition.

We hope the Panel will consider our views.

Yours sincerely,



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