



Hong Kong General Chamber of Commerce
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Dr Hon Junius Ho Kwan-yiu, JP
Chairman
Panel on Environmental Affairs
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Dr Ho

Promoting the Use of Electric Vehicles

The Hong Kong General Chamber of Commerce welcomes and appreciates the opportunity to comment on measures to promote the use of electric vehicles (EVs) in Hong Kong.

Although there are challenges inherent to the wide-scale adoption of EVs in Hong Kong, we do not think these are insurmountable. Rather, we should play to our advantages with respect to Hong Kong's size, compactness and developed infrastructure. Furthermore, the Chief Executive's announcement in her last Policy Address to create more charging facilities should help address 'range anxiety', which is considered a key barrier to popularizing the use of EVs in other places.

In striving for carbon neutrality by 2050, Hong Kong should look to EVs as a viable means to achieve such an objective.

Yours sincerely



Shirley Yuen
CEO

Encl.

cc: Clerk to Panel on Environmental Affairs

**Submission by the Hong Kong General Chamber of Commerce on
Promoting the Use of Electric Vehicles**

Context

1. The Legislative Council's Panel on Environmental Affairs is calling for public views on promoting the use of electric vehicles (EV). The Hong Kong General Chamber of Commerce is Hong Kong's oldest and largest Business Chamber and wishes to register its views on the importance of taking more action now to promote the use of electric vehicles in a manner that is consistent with the sustainable development of the city and the GBA.

A Cleaner, Lower Carbon and More Efficient Form of Transport

2. As the Administration has pointed out¹, EVs have no tailpipe emissions and are efficient in converting energy from the grid to power at the wheels. Replacing conventional vehicles with EVs can help improve roadside air quality and reduce greenhouse gas emissions.
3. For the full environmental benefits of electrification to be realised, Hong Kong should take ambitious actions to transition towards a low carbon society. However, it is also important to note that while grid is yet to be zero carbon there are still significant benefits from EVs that should be pursued. Although there are some limitations in generating zero carbon electricity in Hong Kong, there is no reason not to increase the local renewable energy generation by investigating and adopting appropriate incentive programmes and financing mechanisms. The Government is also encouraged to explore with the authorities and power producers in the GBA the pathways for development of the hardware, software and charging mechanisms to secure a supply of zero carbon electricity for Hong Kong. It should be noted in this regard that the Central Government has already committed to increase the supply of zero carbon electricity to the GBA².
4. Air pollution is a serious problem in Hong Kong and roadside air pollution has significant health impacts for the population, for example in exposure to NO_x. This is at around twice government's AQO levels, principally created in this case from burning fuel in internal combustion engines (ICE).
5. Hong Kong should look to replace medium and heavy goods vehicles with EVs as they currently account for around 1/3 of NO_x emissions³. EV models are already available to replace conventional vehicles in some of the private and public bus segments (e.g. shuttle buses, single decker public buses, light buses, etc.). Only a limited number of trials have so far taken place and these need to be expanded substantially to take into account school, residential, public light bus and selected single decker routes. Progress, which is contingent on government finding, has been very slow. Shenzhen has more than 15,000 electric buses already operating.
6. Around 18% of NO_x emissions are from LPG taxis and a further 15% from light goods vehicles. Electric equivalents are now available for these segments and a series of major

¹ <https://www.legco.gov.hk/yr18-19/english/panels/ea/papers/ea20190128cb1-487-3-e.pdf>

² <https://www.chinadaily.com.cn/a/201904/26/WS5cc2613ca3104842260b87dc.html>

³ <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/whats-sparking-electric-vehicle-adoption-in-the-truck-industry>

trials, backed by government funding for purchasing and charging stations, should be undertaken within the next two years.

7. Although private cars only account for around 5% of NO_x roadside emissions, a reduction in this regard is likely to have an immediate health benefit. A wide range of models is already available and there is no reason why this readily addressable segment should not be switched over to EV as soon as possible.
8. Private cars are very important in another area. According to government, transport sector energy end-use is aligned with respective carbon emissions⁴. As private cars account for around a quarter of transport energy end-use, it follows that they could represent around 4% of our city's carbon emissions (18% from the Hong Kong GHG inventory, assuming that 'transport' primarily covers the land transport sector, x 25%), which can be reduced significantly by conversion to EV as the electricity supply in Hong Kong is decarbonised. Taxis would offer another potential 3% reduction. Taking 2020's electricity fuel mix, EVs are already better performers in terms of carbon emissions than (ICE) vehicles, something likely to improve still further as the carbon intensity of electricity supply reduces⁵.
9. In addition to road vehicles, a significant and increasing proportion of emissions are generated by Non-Road Mobile Machinery (NRMM); and a range of electric-powered solutions are either available or under active development. HKGCC welcomes the intention of the Government to consider the inclusion of NRMM with the scope of the Pilot Green Transport Fund. Such access to pilot funding could encourage the owners of NRMM to trial these systems in Hong Kong conditions, and thereby to accelerate the adoption of low emissions solutions.

Hong Kong Is Being Left Behind

10. Many other cities and countries are much further ahead than Hong Kong. Several major European countries and cities have already set an end-date on the first registration of ICE vehicles, usually in the 2030s. Others have excluded the most polluting vehicles from high density urban areas, placed quotas on ICE registrations, given priority to low emissions vehicles in traffic management schemes or imposed stricter tailpipe emissions limits. Hong Kong must follow by setting up a similar range of controls, giving consumers and business confidence to invest in changing over to zero-emissions vehicles under a clear long-term planning framework. The Council for Sustainable Development's recent public engagement exercise on decarbonising Hong Kong suggested setting a timeline to phase out fossil fuel vehicles and this should be adopted and confirmed this year.
11. In the first 10 months of 2019, EVs accounted for around 5% (of all new passenger car registrations), a modest improvement over the poor 2018 figures. This compares with up to 20% (of all vehicles) already achieved in a number of Mainland cities, according to McKinsey.
12. A number of cities such as London, Paris, Tokyo and Mexico City have already pledged to purchase only zero-emissions buses from 2025. Hong Kong needs to set a similar target for the 2020s especially in the context of air-conditioned double-decker buses, which are the

⁴ <https://www.climate-ready.gov.hk/files/report/en/6.pdf>

⁵ Hongkong Electric plans to use 70% gas by 2023 and CLP is already 1/3 zero carbon, with another 50%+ gas by the same time.

predominant mode of road-based transport serving the public. This will be a challenge particularly given Hong Kong's sub-tropical conditions. However, efforts should be made to come up with viable solutions to reduce carbon emissions in the transport sector.

13. Although the benefits of EVs are apparent, the penetration rate has remained very low. Hong Kong needs to actively accelerate its actions on development of necessary infrastructure, tools and legislation framework to push forward the transition to low carbon transport.

More Initiatives Are Needed

14. Besides looking at measures to control the number of ICE vehicles sold in Hong Kong in the longer term, government needs to roll-out additional initiatives to support EVs. Firstly, it needs to set out a plan to move its own fleet to 100% EV or other zero emission vehicles, as other cities have done, so as to lead by example.
15. The current incentives to aid the purchase of EVs by individuals or companies are clearly not as effective as those adopted in earlier years. FRT reductions urgently need to be made and brought in through the 2020 budget in February. Super tax deductions for companies to purchase EV or add charging stations should be considered.
16. IHS Markit has estimated that the number of EV models available to European buyers will almost double in 2020⁶. Government needs to demonstrate their commitment to the EV market in Hong Kong and engage with manufacturers and distributors to make sure that right hand drive models are readily available for shipment here.
17. HKGCC welcomes the recent announcement of HK\$2 bn to assist with the installation of EV chargers in residential buildings. The scheme needs to be developed and implemented quickly on a practical and transparent basis. It is likely that additional funding will be needed to extend the scheme to other locations once it is up and running. Measures need to be put in place to encourage Incorporated Owners to take up such incentives (even if members do not have a car parking spot or already own an ICE vehicle) – this could be through a government rent or other fee reduction for the building as a whole (so all unit owners benefit) and in combination with notification of a future date after which new ICE vehicles cannot be registered, after which parking spot conversion is a must.
18. More EV chargers should be provided at car parks operated by government-associated organisations, such as the MTRC, Hospital Authority, etc., besides those directly controlled by government.

A Holistic Approach is Necessary

19. Government should clearly set out for the public a holistic approach to integrate the much stronger promotion of EVs into an overall transport plan, to help reduce air pollution and carbon emissions, publishing a confirmed and detailed roadmap not later than the 2021 Policy Address.

⁶ <https://www.theguardian.com/environment/2019/dec/25/2020-set-to-be-year-of-the-electric-car-say-industry-analysts>

20. This should be coupled with a refreshed approach to integrate land use and transport planning to minimise the need for travel, continuation of the 'rail first' policy, the better coordination of different transport modes and application of new technologies to relieve traffic congestion.
21. Not the least, an early start needs to be made now, offering more support to the early conversion of easily addressable transport segments to EV. Every tonne of roadside air or carbon emissions saved this year is of permanent benefit to the environment.

HKGCC Secretariat
13 January 2020