

**For information
on 22 October 2021**

**Legislative Council Panel on Economic Development
The 2021 Policy Address
Policy Initiatives of the Transport Branch of the
Transport and Housing Bureau**

Introduction

This paper elaborates on the new initiatives set out in the 2021 Policy Address that the Government will pursue and other on-going key initiatives to reinforce and enhance Hong Kong's status as an international aviation and maritime centre.

Further Development of Hong Kong as an International Aviation Hub, International Maritime Centre and Regional Logistics Hub

2. Hong Kong enjoys a premier geographical location, unique institutional strengths, free economy, and extensive experience in international trade and commerce. These enable us to fully equip ourselves to be a major international aviation hub, international maritime centre and regional logistics hub.

3. On aviation, as the busiest international cargo airport and one of the busiest international passenger airports in the world, the Hong Kong International Airport ("HKIA") is an important driver for Hong Kong's economy. Before the outbreak of the COVID-19 pandemic, about 120 airlines operated over 1 100 flights every day between the HKIA and about 220 destinations worldwide, including some 50 destinations in the Mainland. Due to the continuous impact of COVID-19 pandemic, passenger traffic demand remains subdued. It is noted that in the first eight months of the year, the volume of air passengers decreased by over 90% when compared with that in the same period in 2020 and 2019. Nevertheless, air cargo business at the HKIA remains resilient, with the cargo throughput and air traffic movements for cargo flights increased by 2% and 30% respectively in the first eight months of the year when compared with the same period in 2019 before the COVID-19 pandemic, and increased by 13% and 14% respectively when compared with the same period in 2020. The aforementioned reflects the continuation of the

HKIA's role as an air cargo hub amid this challenging time. Notwithstanding the current short-term turmoil, to sustain Hong Kong's status as an international aviation hub in the long run and to fully seize the immense opportunities arising from the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area"), we shall continue to enhance the HKIA's passenger and cargo handling capacity and long-term competitiveness, including actively assisting the Airport Authority Hong Kong ("AAHK") in implementing the Three-Runway System ("3RS") and enhancing airport infrastructure and intermodal facilities. The Government will also continue to develop high value-added aviation services and expand Hong Kong's aviation network.

4. On maritime, Hong Kong has a steadfast maritime tradition, with port, shipping and maritime services underpinning the development of the trading and logistics sector throughout. The Hong Kong Port is among the busiest container ports in the world and an important hub port in the Asia-Pacific region. It handled around 18.0 million twenty-foot equivalent units in 2020, of which over 60% were transshipment cargo. Hong Kong Port provides frequent and comprehensive liner shipping services, with about 280 container liner services per week connecting to over 600 destinations worldwide. Hong Kong is also home to a strong base of shipowners. Hong Kong shipowners and ship management companies together own or manage a sizeable fleet which accounts for 10% of the deadweight tonnage of the world's merchant fleet. There are currently nearly 900 companies operating in Hong Kong, providing a wide range of quality high value-added maritime services to local, Mainland and overseas maritime enterprises, including marine insurance, maritime legal and arbitration services, ship agency and management, ship broking and leasing, etc. Hong Kong is also a ship finance centre in the region. The Government will continue to proactively develop and entrench Hong Kong's position as a high value-added maritime services centre and an important transshipment hub in the Asia Pacific region, so as to fully seize the immense opportunities arising from the "Outline of the 14th Five-Year Plan for the National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" ("14th Five-Year Plan") and the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" ("GBA Outline Development Plan").

5. The 14th Five-Year Plan promulgated in March 2021 supports the development of the Hong Kong's services sector towards a high-end and high value-added direction, with a view to enhancing Hong Kong's status as an international financial, maritime and trade centre, as well as an

international aviation hub. The GBA Outline Development Plan promulgated in February 2019 also clearly stated that Hong Kong's advantages as an international maritime centre should be leveraged to form a world-class port cluster and international logistics hub with other Greater Bay Area cities, and strengthen overall international competitiveness; and a world-class airport cluster in the Greater Bay Area should be developed, Hong Kong's status as an international aviation hub should be consolidated and enhanced, and differential development and positive interaction of airports in the Greater Bay Area should be pursued.

New Initiatives

6. Please refer to paragraphs 7 to 17 below for the new initiatives that we will implement in 2021.

International Aviation Hub

(i) Developing intermodal connectivity for air cargo

7. To consolidate and enhance Hong Kong's status as an international aviation hub, and to meet the growing traffic demand between Hong Kong and various cities in the Greater Bay Area, the AAHK is committed to stepping up the development of intermodal connectivity between Hong Kong and other cities in the Greater Bay Area for more convenient movement of passengers and cargoes, with a view to capturing the opportunities arising from the continual increase in demand for air services in the Greater Bay Area, as well as better utilising Hong Kong's aviation network worldwide in support of the Greater Bay Area's development.

8. Among others, in view of the sustained growth of cargo exports in the Greater Bay Area, we fully support the AAHK in developing sea-air cargo transshipment between the HKIA and the Greater Bay Area. The arrangement is to set up an "HKIA logistics park" in Dongguan so that export cargo from the Mainland can go through security screening, palletisation and cargo acceptance in advance there, and then be transported seamlessly by sea to an airside sea-air cargo handling facility to be set up in the restricted area of the HKIA for direct transshipment to overseas destinations, without the need for further screening and customs clearance in Hong Kong. International cargo may also be imported into the Mainland through the reverse process. Such an arrangement will bring efficiency to cross-border air cargo transshipment. The AAHK

plans to launch a pilot scheme in end-2021 using existing facilities at the HKIA to establish the full upstream and sea-air intermodal processes.

(ii) *Cross boundary helicopter services*

9. The GBA Outline Development Plan specifies the deepening of the reform in the management of low-altitude airspace, the expedition the development of general aviation and the steady development of cross-boundary helicopter services. The Civil Aviation Administration of China has agreed to commence preparation for the provision of cross-boundary commercial helicopter services between Guangdong and Hong Kong. To this end, we are exploring with Shenzhen the further development of cross-boundary commercial helicopter services, with a view to providing a flexible means of air transportation that allows high-end travellers to travel point-to-point and enhancing the internationalised business environment in the Greater Bay Area.

(iii) *Hong Kong International Aviation Academy*

10. To further strengthen Hong Kong's leading status as a major aviation hub in the region, the Hong Kong International Aviation Academy ("the Academy") has provided different levels of trainings and programmes, covering such areas as airport management, security, air traffic control and aviation services, etc. The Academy also has rolled out diploma and professional diploma programmes accredited as Hong Kong Qualifications Framework Level 3 and Level 4 respectively to cater to the training needs of the industry.

11. Furthermore, the Academy, together with the National School of Civil Aviation of France, continues to provide the Advanced Master in Air Transport Management, which has been approved as a qualified programme equivalent to Level 6 of the Hong Kong Qualifications Framework. The enrollees of the first four cohorts of the programme included students from Hong Kong and "Belt and Road" countries. In August 2021, the Ministry of Education approved senior management in the Mainland's aviation industry for enrolment for the aforesaid Advanced Master programme, thereby further expanding the regional coverage of the programme.

International Maritime Centre

(i) Development of smart and green port

12. It is imminent for the Hong Kong Port to catch up with the international trend by adopting advance technology in its operational system in order to enhance its efficiency. While the industry traditionally relies heavily on manual operations and paper-based processes, in recent years it has started to embrace and leverage innovative technologies to enhance their efficiency, so as to stay competitive and customer-friendly. For instance, with an aim to digitalise the port operations, individual ports have developed a common platform to facilitate data sharing among stakeholders in the maritime and port industry such as individual port operators, liners, truckers, etc. The Government will work with the trade to explore developing a common platform for deployment by port operators and other stakeholders, with a view to further enhancing port efficiency and reducing cargo handling time and cost through streamlining and optimising the multi-party coordinated processes electronically.

13. The international maritime industry is increasingly concerned about the issues on marine pollution and environmental protection. As an international maritime centre, Hong Kong has been promoting the development of “green port” through different measures and encouraging the industry to adopt more sustainable shipping initiatives. To this end, we are committed to ensuring that the local legislation is in compliance with the latest requirements of the International Maritime Organization on environmental protection. We also strive to strengthen cooperation with the Mainland to improve the regional air quality. Besides, the Government has been actively promoting the use of clean energy by ocean-going vessels (“OGVs”), such as examining measures to take forward the adoption of liquefied natural gas in OGVs, with a view to attracting more OGVs to call Hong Kong Port.

(ii) Growing the maritime services cluster

14. To further promote the development of high value-added maritime services sector, with reference to the introduction of the ship leasing tax concession regime, the Task Force on Commercial Principals (“TFCP”) formed under Hong Kong Maritime and Port Board (“HKMPB”) has studied and advised HKMPB on the economic impacts and details of the tax concession proposals for other key players of maritime industry. After thorough study and analysis, HKMPB has endorsed the recommendation of TFCP to provide half-tax concession (i.e. a tax rate of

8.25%, half of the profit tax rate for corporations at 16.5%) for specific shipping commercial principals, namely ship managers, shipping agents and shipbrokers under a new standalone preferential tax regime, with a view to attracting these businesses to base in Hong Kong, thereby bolstering the maritime cluster in Hong Kong and enhancing the maritime capabilities of Hong Kong as a leading international maritime centre. As a next step, the Government will commence the legislative amendment exercise, targeting to introduce relevant amendment bill to the Legislative Council (“LegCo”) in 2022.

15. Meanwhile, we have gradually established the Hong Kong Shipping Registry (“HKSR”) Regional Desks in selected locations so as to widen HKSR’s service network, provide more direct and prompt support for shipowners and strengthen the promotion of HKSR’s service. The HKSR Regional Desks in London, Shanghai and Singapore have been up and running since late 2019. The regional desk services were expanded to cover Australia in the second quarter of 2021 and will be provided in San Francisco, Tokyo and Toronto by the first quarter of 2022. By then, services of the HKSR will be extended to cover almost all major port cities in the world frequently visited by Hong Kong flagged ships.

(iii) Improve the efficiency of marine services

16. Following the trend of digitalization, we are working with the Marine Department and the Department of Justice on legislative proposal to facilitate the use of electronic certificates for Hong Kong registered ships to enhance marine services and provide more convenience to shipowners and ship operators. The electronic authentication system will also offer a higher level of security against forgery.

(iv) Enhancing marine safety

17. To enhance marine safety and protect the safety of persons on board vessels, we will enact a specific legislation to regulate drink and drug boating by empowering law enforcement authorities to conduct compulsory tests for alcohol or drug after a marine traffic accident as well as conducting spot checks and inspections to deter drink and drug boating.

Other key on-going initiatives

18. Apart from the new initiatives set out in the Policy Address, we will continue to implement various key on-going initiatives in 2021.

Details are set out in paragraphs 19 to 46 below.

International Aviation Hub

19. Under the Basic Law, Hong Kong shall be responsible on its own for matters of routine business and technical management of civil aviation, including the management of airports. Acting under the Central Government's authorisation, Hong Kong can also negotiate and sign air services agreements with other jurisdictions. With such advantages and the staunch support of the Central Government for the development of the aviation industry in Hong Kong, the Government will continue to implement its strategy for the development of Hong Kong's aviation sector, leveraging on the HKIA's geographical advantage to build an Airport City with diversified industry make-up and consolidate Hong Kong's status as the leading international aviation hub in the Greater Bay Area.

(i) *Continuing to actively assist the AAHK in implementing the 3RS at the HKIA*

20. The AAHK commenced the 3RS construction works in August 2016, and the Government has been actively assisting the AAHK to implement the project. Although the global aviation industry has been badly hit by the COVID-19 pandemic, we are still confident about Hong Kong's role as an international aviation hub. The completion of the 3RS, which is a long-term development, will not only meet the air traffic demand in the long run but also enhance Hong Kong's status as an international aviation hub, which dovetails the 14th Five-Year Plan and the GBA Outline Development Plan. The AAHK estimates that upon full commissioning of the 3RS, the HKIA's annual passenger handling capacity will be around 100 million while its annual cargo handling capacity will be around 9 million tonnes. Moreover, the 3RS will create considerable job opportunities and bring long-term economic and social benefits to Hong Kong.

21. Reclamation of around 650 hectares of land is substantially completed and the pavement works for the 3 800-metre Third Runway has also been completed in June 2021. The commissioning of the Third Runway and associated infrastructure is scheduled for 2022, after which the existing North Runway will be closed for about two years for reconfiguration into a new centre runway. The Transport and Housing Bureau and the AAHK will continue to report the latest progress of the 3RS project to the Panel on Economic Development of the LegCo as

appropriate.

(ii) *Expanding inter-modal transport network and facilities*

22. Apart from the sea-air intermodal cargo transshipment initiative mentioned above, we have also been expanding the inter-modal transport network for passengers at the HKIA in order to strengthen the HKIA's status as an international aviation hub. Among others, modelling on the concept and mode of operation at the SkyPier, the AAHK is constructing the Intermodal Transfer Terminal which will be linked to the Hong Kong Boundary Crossing Facilities ("HKBCF") Island of Hong Kong-Zhuhai-Macao Bridge ("HZMB") by a bonded vehicular bridge, with a view to introducing bonded shuttle bus service for bridge-to-air / air-to-bridge transfer passengers from the Zhuhai Port and Macao Port of the HZMB to reach the restricted area of the HKIA direct for outbound flights, without the need to go through Hong Kong's immigration clearance. Overseas passengers travelling to Zhuhai Port and Macao Port of the HZMB via the HKIA will also be benefitted. The project is expected to come into operation by end 2022.

(iii) *Enhancing the HKIA's air cargo handling capacity*

23. The AAHK has been actively developing both the airside and landside in the south cargo precinct of the airport island to strengthen its capacity for and efficiency in handling various types of cargo as well as to spur relevant logistics development, thereby supporting the growth of transshipment, cross-boundary e-commerce and high-value air cargo business.

24. The AAHK is collaborating with its business partner in expanding the express air cargo terminal, so as to enhance Hong Kong's capability in handling express and small parcel shipments. Expected to commission in 2022, the express air cargo terminal will have its handling capacity increased by 50% to 1.06 million tonnes per annum. This is particularly important for consolidating the HKIA's leadership in air cargo logistics. In addition, the land parcel of about 5.3 hectares at Kwo Lo Wan in the south cargo precinct is being developed as a premium logistics centre. With the facility being nearby the air cargo terminals, the development effectively addresses the warehousing and distribution needs associated with e-commerce, and is conducive to unleashing the potential of the HKIA as an aviation hub. The premium logistics centre is expected to come into operation in 2023.

25. As for the development of high-value air cargo, the HKIA attained three International Air Transport Association accreditations related to the handling of high-value temperature-controlled air cargo in the past four years, including the attainment by the HKIA of the status of Partner Airport of the Center of Excellence for Independent Validators in Pharmaceutical Logistics (“CEIV Pharma”) and the Center of Excellence for Perishable Logistics (“CEIV Fresh”); and as well as the Center of Excellence for Independent Validators in Live Animals Logistics (“CEIV Live Animals”) accreditation attained by two cargo terminal operators at the HKIA, demonstrating the capability of the HKIA in handling high-value temperature-controlled air cargo.

(iv) Hong Kong-Zhuhai Airport Cooperation

26. The AAHK has been operating and managing the Zhuhai Airport under a franchise since 2006 with excellent results. The commissioning of the HZMB provides an opportunity for further cooperation between the airports of Hong Kong and Zhuhai by integrating the Mainland aviation network of the Zhuhai Airport with the international network of the HKIA, thereby strengthening the competitive edge of the entire Greater Bay Area in aviation and allowing Hong Kong’s aviation sector to play a key role in the “dual circulation” policy.

27. The Central Government supports the AAHK to inject equity in the Zhuhai Airport on the basis of market principles with a view to expanding the passenger catchment. We hope to combine the network of the Zhuhai Airport serving about 80 Mainland destinations and the network of the HKIA serving over 170 international destinations through enhancing intermodal connectivity, for example, air-to-sea, air-to-land, etc., in order to boost the overall competitiveness and connectivity in passenger and cargo services, strengthen the competitive edge of the HKIA in aviation in the Greater Bay Area as a whole and maximise the economic benefits for the HKIA and Zhuhai Airport through complementary development, thereby driving the long-term economic development of two cities.

28. The AAHK and Zhuhai Airport are both keen to step up cooperation, and are discussing the arrangement and details of the equity injection. At the same time, we would like to establish a high-end aviation industry cluster in Zhuhai with Guangdong Province, covering aircraft maintenance, contract manufacturing and distribution of aircraft parts, aircraft engineering professional research, as well as aviation technical training, with a view to integrating the comparative advantages

enjoyed by Hong Kong and Zhuhai respectively and achieving greater synergy between the two airports.

(v) ***Fostering Hong Kong to become an international aviation training hub***

29. With the support rendered under the 14th Five-Year Plan and the GBA Outline Development Plan for the consolidation of Hong Kong's status as an international aviation hub, we are striving to enhance the function of Hong Kong as an aviation management training hub.

30. To complement the mid- and long-term development of the Academy, the Government has taken on board the AAHK's proposal to construct permanent campus and dormitories of the Academy on the HKBCF Island of the HZMB, which will help Hong Kong to develop into a leading aviation training hub in the Greater Bay Area and the region. Upon completion of the facilities, the Academy will be able to expand its recruitment pool beyond Hong Kong to the Greater Bay Area, other parts of the Mainland as well as overseas. This will also help to attract trainers from all over the world and have a positive impact on the development of Hong Kong as an aviation training hub.

(vi) ***Continuing to support the AAHK to develop the HKIA into an Airport City***

31. The AAHK is taking steps to materialise the Airport City blueprint, which aims to fully capitalise on the unique geographical advantage of the HKIA, capture opportunities arising from various new infrastructural developments in Hong Kong, and integrate and achieve greater synergy between the airport and related industries through a series of infrastructural development projects, thereby strengthening the HKIA as an international aviation hub and creating a new landmark for Hong Kong. Major projects of the Airport City include SKYCITY, various developments on the HKBCF Island and the AirportCity Link.

32. For SKYCITY, the first hotel development will be completed by end 2021 and will provide 1 200 guest rooms with ancillary facilities. Together with the retail, dining and entertainment development and related projects, the first stage of SKYCITY development projects will be completed in phases between 2021 and 2027.

33. Various developments on the HKBCF Island as well as the AirportCity Link are currently in the planning or design stage. The

AAHK will, among others, build automated car parks on the HKBCF Island to allow visitors from Guangdong and Macao who drive to Hong Kong through the HZMB to park their cars for onward transfer at the HKIA through the Intermodal Transfer Terminal for international destinations or for entry into Hong Kong after going through immigration and customs clearance. The AAHK will also build the AirportCity Link, which connects the HKBCF Island and SKYCITY and will be accessible by both pedestrians and autonomous vehicles. The autonomous transportation system on the AirportCity Link will eventually be extended to Tung Chung town centre to strengthen the transport linkage among the Airport Island, the HKBCF Island and Tung Chung.

34. In the long run, by enhancing the transport network and the waterfront facilities, the AAHK will integrate the concept of Airport City with Tung Chung and the vicinity and inject new development elements and economic opportunities into North Lantau.

(vii) Continue to form new aviation partnership and to enhance the air services arrangements with our existing partners

35. As of end-September 2021, we have signed Air Services Agreements with 67 aviation partners. Among some 140 countries along the Belt-and-Road, Hong Kong has signed Air Services Agreement or Air Services Transit Agreement with about 50 of them. In the past year, we have reviewed or expanded the bilateral air services arrangements with three aviation partners (Russia, Luxembourg and Mongolia) to provide the necessary framework for the growth and development of the aviation industry.

36. We will continue to review the demand for air services from time to time and initiate air services negotiations with our aviation partners with a view to increasing the air traffic capacity to meet market demand.

International Maritime Centre

(i) To consolidate and enhance Hong Kong's position as an international maritime centre

37. Maritime and port industries are global business easily susceptible to the fluctuation of international political and economic landscape. Hong Kong's maritime industry has been facing an unprecedented challenge amid the COVID-19 pandemic and the intense US-China relations. The Government will keep on communicating

closely and joining hands with the industry to formulate holistic strategies to facilitate business operation of the trade and to step up promotion and nurturing of talents, with a view to consolidating Hong Kong's position as an international maritime centre.

38. On fostering the development of high value-added maritime services, the Government amended the laws in 2020 to offer tax concessions to ship leasing and marine insurance businesses. On ship leasing, the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Ordinance 2020 was enacted by the LegCo in June 2020 and has taken retrospective effect from 1 April 2020. It provides for tax exemption and half rate tax concession on qualifying income by qualifying ship lessors and ship leasing managers respectively, with a view to developing Hong Kong into a ship leasing centre in the Asia-Pacific region. On marine insurance, the Insurance (Amendment) Bill 2020 was passed by LegCo in July 2020 to, among other things, provide 50% profit tax concession for eligible insurance business, including marine insurance. The concessions have taken effect since 19 March 2021.

39. On enhancing Hong Kong's position in the international maritime arena, with the concerted efforts of the industry and the Government, the International Chamber of Shipping has established its first-ever overseas office in Hong Kong. In addition, with the joint efforts of the industry and the Government in promoting the advantages of Hong Kong being a maritime centre, the Baltic and International Maritime Council ("BIMCO") announced in September 2020 its adoption of the BIMCO Law and Arbitration Clause 2020 which has included Hong Kong as one of the four designated arbitration venues, alongside with London, New York and Singapore. The decision has reflected Hong Kong's position as a leader in the area of international maritime arbitration.

40. To continuously strengthen the collaboration with Greater Bay Area ports, the Government will explore establishing communication mechanisms with ports in Guangdong to better leverage the respective complementary strengths, with a view to promoting a healthy and coordinated development in the Greater Bay Area.

41. On nurturing maritime talent, apart from supporting trade organisations in launching manpower promotion ventures, we have continued to administer on-going schemes under the Maritime and Aviation Training Fund ("MATF"), explore enhancement measures, and implement new schemes like "Maritime Training Support Scheme" with a view to meeting the manpower demand of the trade. Up to July 2021,

various schemes under the MATF have benefitted more than 12 500 students and in-service practitioners of maritime and aviation sectors. To further support the long-term development of high value-added maritime services in Hong Kong, the MATF will shortly launch “Maritime Services Traineeship Scheme” and “Maritime Specialist Scholarship Scheme”, which respectively incentivises high value-added maritime service companies to provide systematic bespoke traineeship for new recruits, and sponsors maritime in-service practitioners to go beyond Hong Kong in pursuing master degrees in maritime specialties that are not locally offered.

Regional Logistics Hub

42. The trading and logistics industry tops the four key economic pillars of Hong Kong, contributing about 20% to our gross domestic product (“GDP”). The logistics sector alone contributed 2.9% (around \$80.6 billion) to our GDP and around 4.6% (about 176 000 jobs) to our total employment. With our premier geographical location, free port status, well-developed infrastructure, convenient multi-modal sea, land and air transport network as well as experienced professionals, Hong Kong has all along been a regional logistics hub in Asia. In addition to the sea-air intermodal cargo service to facilitate the logistics development in the Greater Bay Area as mentioned above, as well as the various measures to enhance Hong Kong’s role as a regional air cargo hub as set out in paragraphs 24 to 26, we will continue to implement the following measures to support the logistics trade in Hong Kong to develop high value-added logistics and strengthen our competitive edge, so as to seize the immense opportunities arising from the 14th Five-Year Plan and the development in the Greater Bay Area.

(i) ***Introduce the Pilot Subsidy Scheme for Third-party Logistics Service Providers, with a view to encouraging the logistics industry to enhance efficiency and productivity through the application of technology***

43. In view of the development trend of the logistics industry, enterprises have been relying more on the application of technology to provide different types of high value-added services, so as to enhance operational efficiency. With a view to maintaining competitiveness of Hong Kong's logistics sector, we launched the “Pilot Subsidy Scheme for Third-party Logistics Service Providers” (“the Pilot Scheme”) amounting to \$300 million on 12 October 2020 to provide subsidy to third-party logistics service providers, so as to encourage the adoption of technology by the logistics sector for enhancing efficiency and productivity. The

Pilot Scheme also covers the purchase of screening equipment including X-ray machines and Explosive Trace Detection equipment under the Regulated Air Cargo Screening Facilities Scheme accepted by the Civil Aviation Department.

44. The Pilot Scheme is implemented on a 1:1 matching basis, with each enterprise to be granted a maximum of \$1 million. It is expected that about 300 logistics enterprises could benefit from the Pilot Scheme. As at 30 September 2021, a total of 101 projects have been approved under the Pilot Scheme, with the total amount of approved funding around HK\$66 million.

(ii) *Release by phases two port back-up sites through public tender for developing multi-storey port back-up and modern logistics facilities*

45. To maintain the competitiveness of Hong Kong Port, we will continue to implement various recommendations made in the review of the use of port back-up land near the Kwai Tsing Container Terminals, so as to optimise the utilisation of the land. Among all, we have concluded the studies to explore the feasibility of developing a multi-storey complex for container storage and cargo handling at a site in Tsing Yi and a multi-storey heavy goods vehicle carpark-cum-modern logistics complex at another site in Kwai Chung. The aforementioned two sites will be released by phases through public tender, and the Tsing Yi site has been scheduled for disposal in December 2021, so as to develop multi-storey port back-up and modern logistics facilities, and support port and logistics operations. Subject to the market reaction to the aforementioned land disposal programmes, we will consider conducting a feasibility study on another logistics site in Tsing Yi. We will continue to work with relevant departments to identify suitable land for the development of modern logistics facilities to promote high value-added third-party logistics services.

46. We will continue to work hand in hand with the industry to facilitate the flow of logistics information in the Greater Bay Area and improvements to the sea-land-air intermodal operation, so as to actively perform Hong Kong's role as a regional logistics hub.

Views Sought

47. We welcome Members' views on the initiatives outlined above.

**Transport Branch
Transport and Housing Bureau
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