

**Opening Remarks by the Secretary for Transport and Logistics  
at the Special Meeting of the Finance Committee of  
the Legislative Council on 18 April 2024**

Honourable Chairperson,

The Government has been all along adopting the planning principles of infrastructure-led and capacity creating to build a livable, competitive and sustainable Hong Kong through driving development by transport infrastructure. We are also committed to promoting the development of aviation and logistics by capitalising on Hong Kong's unique advantages in terms of geographical location, system, economy and experience in business and trade, with a view to enhancing the competitiveness of aviation, maritime and logistics service industries.

2. The Government is taking forward the railway and major road projects mentioned in the "Hong Kong Major Transport Infrastructure Development Blueprint" (the Blueprint) promulgated in December last year in an orderly manner, with a view to enhancing the connectivity between districts and unleashing the development potential of relevant areas.

3. On local railway projects, the construction of the Tung Chung Line Extension, Oyster Bay Station, Tuen Mun South Extension and Northern Link (NOL) Phase 1 (Kwu Tung Station) commenced in 2023. The projects are expected for progressive completion from 2027 onwards, while the construction of Hung Shui Kiu Station and NOL Main Line is expected to commence in 2024 and 2025 respectively.

4. As regards cross-boundary infrastructure, in order to further promote the connectivity and integration of the infrastructure in the Greater Bay Area (GBA), and to jointly develop the “GBA on the Rail”, the Hong Kong Special Administrative Region Government, in collaboration with the Shenzhen authorities through the Task Force for Hong Kong-Shenzhen Co-operation on Cross-Boundary Railway Infrastructure, will continue to pursue the two cross-boundary railway projects, namely the Hong Kong-Shenzhen Western Rail Link (Hung Shui Kiu-Qianhai) (HSWRL) and the NOL Spur Line. The second stage study of the HSWRL is expected to be completed in mid-2024. Meanwhile, we are following up with the Shenzhen authorities on the implementation arrangement for the NOL Spur Line. Detailed planning and design of the project are expected to commence in 2024.

5. In respect of road infrastructure, apart from the remaining construction works of Route 6, the Government is also taking forward a series of major road projects for the Northwest New Territories and other major road projects mentioned in the Blueprint in an orderly manner. The major road network can complement the passenger railway system to effectively meet the transport and logistics needs of various districts, and support Hong Kong’s long-term development.

6. In addition to major transport infrastructure, the Government plans to invite relevant suppliers and operators to submit their expressions of interest in the second half of this year for the smart and green mass transit systems in East Kowloon, Kai Tak and Hung Shui Kiu/Ha Tsuen. We endeavor to expedite the original work programme and strive to invite tenders for construction of the Kai Tak and East Kowloon projects in 2026 with an aim to awarding the contracts in batches in 2027.

7. As regards aviation, Hong Kong International Airport (HKIA) continued to be the “World’s Busiest Cargo Airport” in 2023, and achieved a slight year-on-year increase of 3% to 4.33 million tonnes of cargo in 2023. We are confident that HKIA can continue to maintain this position. On the passenger side, daily passenger traffic and flight movements peaked at over 160 000 passengers and over 1 000 aircraft, which were about 80% and 90% of the pre-pandemic levels respectively.

8. Leveraging the opportunities brought by the three-runway system to be commissioned by end this year, and to tie in with our country’s support of the “Air Silk Road”, we will focus on current major routes and routes along the Belt and Road with potential, thereby strengthening aviation services between Hong Kong and related countries and, in doing so, expand our aviation network. These routes span across Europe, Africa, South America and Asia. Meanwhile, to enhance the development of logistics and industries in the GBA, the Airport Authority (AAHK) continues to develop sea-air intermodal cargo transshipment. AAHK targets to complete the first-phase construction of the permanent facility of the HKIA Logistics Park by the end of next year, with its handling capacity gradually reaching one million tonnes per annum. Upon full operation, it is expected that operating costs can be reduced by about half and cargo handling time can be saved by about one-third. In addition, AAHK will actively seek to expand demand for air cargo services, including handling cold-chain cargo at its logistics park in Dongguan, collaborating with Zhuhai to develop international cargo business, and attracting international cargo forwarders and major global retailers to use HKIA as their Asian aviation logistics base. Meanwhile, we are committed to shaping HKIA into a “green airport”. In particular, AAHK commenced a study on sustainable aviation fuel (SAF) in February this year. The study will make recommendations on the use and supply of SAF from such aspects

as policy support, facilitation measures and infrastructure improvements, for the Government's consideration. The study is expected to be completed in the third quarter of this year. The Government will make reference to the AAHK's report and make forward-looking plan to set the direction for promoting the development of SAF. Our objective is to enhance the competitiveness of HKIA internationally and attract more flights to service between Hong Kong and the rest of the world by promoting the use of SAF in Hong Kong.

9. Meanwhile, we completed the approval process for the second round of applications under the labour importation scheme for the aviation industry in mid-April, with a total of 2 982 quotas allocated to 27 eligible companies. Regarding the first round of applications, over 1 300 imported workers have come to work at HKIA to date. Under the drive of the Government, AAHK will implement the transport subsidy for local frontline airport staff starting from May this year. We will continue to listen to the views of employers and employees through the stakeholder consultative group established under the scheme and review the scheme in due course.

10. To support the sustainable development of Hong Kong's maritime and port industry, the Government promulgated the Action Plan on Maritime and Port Development Strategy in December last year, which formulates 10 strategies and 32 action measures with a view to enhancing the long-term competitiveness of the industry, as well as consolidating and strengthening Hong Kong's position as an international maritime centre. In particular, to develop high value-added maritime services, the Government has introduced a series of tax concession measures for ship leasing, marine insurance, and shipping commercial principals over the past few years. We will commence studies on further enhancements

within this year. In addition, Hong Kong's ship registration regime is widely recognised internationally. Hong Kong ranks fourth in the world in terms of gross tonnage, and excels in its high quality fleet. We plan to offer block registration incentive to attract shipowners to register ships in Hong Kong extensively. We will amend the relevant regulations regarding this incentive by end this year to provide an outline of the incentive rules, eligibility criteria and so forth.

11. The maritime industry also has vast market potential for green transformation. The Marine Department is planning to provide incentives for Hong Kong-registered ships that have attained high ratings under the international standards on decarbonisation set by the International Maritime Organization. Moreover, in collaboration with the Environment and Ecology Bureau and other relevant departments, we are conducting a feasibility study on the provision of green methanol bunkering for local and ocean going vessels. We expect to publish an action plan for Hong Kong's development into a green maritime fuel bunkering centre this year.

12. For logistics, in order to realise the objective of developing Hong Kong into a sustainable international smart logistics hub, we promulgated the Action Plan on Modern Logistics Development (Action Plan) in October last year. With the support of Hong Kong Logistics Development Council, we are now working at full steam to implement the strategies and action measures in the Action Plan in phases in collaboration with the relevant stakeholders in the industry. Among others, we have enhanced the Pilot Subsidy Scheme for Third-party Logistics Service Providers by doubling the subsidy ceiling for each enterprise to \$2 million and extending the scope of subsidy to application of ESG technology

solutions, in order to support Hong Kong's modern logistics industry for developing towards smart logistics.

13. Honourable Chairperson, we are most grateful to Members for their interest in transport and logistics affairs. My team and I would be pleased to answer questions from Members. Thank you.

**Transport and Logistics Bureau**

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