

8 August 2024

Hon Frankie Yick Chi-ming, GBS, JP
Chairman
Bills Committee on Shipping Legislation
(Use of Fuels and Miscellaneous Amendments) Bill 2024
bc_105_24@legco.gov.hk

Dear Hon Frankie Yick and Bills Committee Members,

**Statement of Support to Bills Committee on Shipping Legislation
(Use of Fuels and Miscellaneous Amendments) Bill 2024
from Business Environment Council Limited
商界環保協會有限公司**

Over the last 32 years, Business Environment Council Limited 商界環保協會有限公司 (“BEC”) has played a leading role in advocating the business case for environmental excellence, given the importance of sustainable development to Hong Kong. Our members are committed to actively engage with the HKSAR Government (“the Government”) to help develop a supporting policy framework as well as impactful implementation in respect of environmental protection and sustainability.

Views expressed in this submission are those of BEC, in line with BEC’s Mission and Vision as well as policy position on relevant issues, but may not necessarily be the same as the views of each individual member. BEC is an independent charitable membership organisation comprising over 300 member companies from Hong Kong’s major holding companies to small and medium-sized enterprises.

Background

The shipping industry is crucial to international trade and economic development. However, it is also one of the major emitters of air pollutants and greenhouse gases. Responding to the climate emergency, many countries, cities and businesses have made public commitment to set carbon reduction targets. For the marine transport sector, there are also calls from the International Maritime Organisation (“IMO”) to decarbonise shipping and to control ship-induced air pollution through the tightening of regulations, improving ship design and fuel efficiency, and looking for green marine fuels as an alternative to the conventional fuel oil.

In Hong Kong, the Chief Executive announced in his 2023 Policy Address the Hong Kong SAR Government’s plan to develop a green maritime fuel bunkering centre, supported by a feasibility study commissioned by the Transport and Logistics Bureau (“TLB”). The Government is also taking forward technical studies and installations on providing liquefied natural gas (“LNG”) bunkering for ocean-going vessels.

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The development of green marine fuels with lower or zero carbon emissions has been accelerating. These fuels include LNG, methanol, hydrogen, ammonia, ethanol, and others. The Government is aware that current shipping legislation provisions were designed based on conventional petroleum fuels, and may hinder the development and uptake of green marine fuels as they come with different chemical and physical properties, and thus could differ in terms of storage, transmission, usage and safety considerations. Therefore, the Government is introducing the Shipping Legislation (Use of Fuels and Miscellaneous Amendments) Bill 2024 (“the Bill”) that would facilitate and support the use of green marine fuels, collectively referred to as “new fuels” in the Bill. Specifically, the Bill proposes the following major amendments:

1. Empowering the Secretary for Transport and Logistics to regulate the use of fuels by local vessels and adopt certain international agreements that are applicable to Hong Kong when making corresponding regulations (amending Cap. 548¹);
2. Allowing bunkering vessels of any tonnage to lie alongside another vessel for bunkering, by scrapping tonnage limits, given that new fuels vary in terms of energy density (amending Cap. 313A² and Cap. 548F³);
3. Allowing the use of low-flashpoint fuel (as the case for some new fuels) on vessels with provisions to minimise risks (amending Cap. 548G⁴); and
4. Regulating and facilitating vessels carrying new fuels within Hong Kong Waters (amending Cap. 548F and Cap. 295F⁵).

Accelerating Green Marine Fuels Adoption

BEC welcomes the amendments proposed by the Bill to facilitate the supply and adoption of green marine fuels in Hong Kong Waters, as well as empower the Marine Department to introduce relevant technical requirements of different new fuels through administrative measures. We firmly believe that the development of green marine fuel bunkering could strengthen Hong Kong’s competitiveness as international maritime centre, considering the more stringent calls worldwide for shipping decarbonisation. In addition, switching from conventional petroleum fuels to new fuels will reduce carbon and air pollutant emissions from the shipping sector.

BEC has been providing evidence-based research⁶ and advocating policies⁷ on areas such as supply chain, fuel bunkering, emission performance and green corridor feasibility, to support the Government and the shipping industry on the green marine fuel agenda. To accelerate green marine fuels adoption in Hong Kong Waters, we believe more analysis and policy measures can be introduced beyond regulatory and safety requirements review. This includes, but not limited to, assessing and prioritising the suitable green fuels based on

¹ The Merchant Shipping (Local Vessels) Ordinance

² The Shipping and Port Control Regulations

³ The Merchant Shipping (Local Vessels) (General) Regulation

⁴ The Merchant Shipping (Local Vessels) (Safety and Survey) Regulation

⁵ The Dangerous Goods (Shipping) Regulation 2012

⁶ https://www.bec.org.hk/sites/default/files/publications/Decarbonising_Commercial_Freight_Transport_Final_Report.pdf;

https://www.bec.org.hk/sites/default/files/publications/Developing_LNG_Bunkering_in_Hong_Kong.pdf

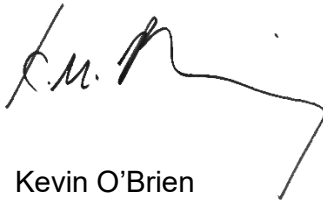
⁷ <https://www.bec.org.hk/en/policy-submissions>

economic and environmental credentials, planning and financing of infrastructure, training of industry personnel, and promoting regional collaboration on fuel supply chain. BEC is committed to working together with the Government and our business community on these areas to strengthen the development of green marine fuels in Hong Kong.

Conclusion

BEC fully supports the legislation to promote the use of green marine fuels, and we stand ready to facilitate the business sector and other stakeholders in implementing the Bill. For queries related to this support statement, please contact our Chief Executive Officer, Mr Simon Ng at simonng@bec.org.hk

Yours sincerely,



Kevin O'Brien
Chairman
Business Environment Council Limited