LCQ3: Developing a green maritime fuel bunkering centre

Following is a question by the Hon Yim Kong and a reply by the Secretary for Transport and Logistics, Ms Mable Chan, in the Legislative Council today (December 11):

Question:

The latest Policy Address has proposed to develop a green maritime fuel bunkering centre. There are views pointing out that green energy bunkering has become a high ground fiercely contested by major hub ports and a key factor in attracting the berthing of vessels on international voyages. The Shenzhen Port has already achieved scalable operation in this area, with this year's liquefied natural gas (LNG) bunkering volume expected to triple that of Singapore and its costs also lower than that of Singapore. However, the relevant development in Hong Kong is at an initial stage, and it faces problems of low capacity and high costs in the production of new energy. In this connection, will the Government inform this Council:

(1) whether it will consider first co-operating with neighbouring ports, e.g. allowing green energy bunkering vessels from the Shenzhen Port to provide new energy bunkering for international cargo vessels at designated waters of Hong Kong and streamlining the relevant maritime approval process for the provision of "cross-boundary vessel" services;

(2) whether it will, on the basis of the existing offshore LNG terminal, make long-term plans for dedicated berthing places and ancillary backup storage facilities for methanol and hydrogen energy bunkering in Kwai Tsing or suitable locations, and provide, with reference drawn from the practices of the Shenzhen Municipal Government, subsidies on the investment and operation of vessels to bunkering service operators, so as to attract them to expand their businesses in Hong Kong; and

(3) whether it will consider making plans for the development of green energy production bases in the Northern Metropolis and embarking on recyclable green energy production by integrating refuse handling facilities, so as to dovetail with the development of the green maritime fuel bunkering centre?

Reply:

President:

Hong Kong, as an international maritime centre with advantages such as an excellent geographical location and good port security record, has long been the top bunkering port in South China and ranked seventh in the world in terms of bunkering volume internationally in 2023.

In view of the International Maritime Organization (IMO)'s target to reach net-zero carbon emissions from international shipping by or around 2050, the industry has started to switch to using low or even zero-carbon green maritime fuels. Therefore, Hong Kong should expedite its development into a high-quality green maritime fuel bunkering centre, so as to give full play to our existing advantages, increase port competitiveness and consolidate Hong Kong’s status as an international maritime centre.

For this, the Government promulgated the Action Plan on Green Maritime Fuel Bunkering last month, setting out five strategies and 10 actions to promote the development of green maritime fuel bunkering in Hong Kong and get prepared to cater for future market development.

Regarding the Hon Yim Kong's questions, the reply prepared in consultation with the Environment and Ecology Bureau is as follows:

(1) Hong Kong's maritime fuel bunkering has always been operated freely, with no entry barrier or regulation. To start such business within Hong Kong waters, service operators only need to conduct quantitative risk assessment and marine traffic impact assessment in respect of their bunkering operations and their proposed designated waters or berths for bunkering, and obtain approval from the Marine Department for their mode of operation, as well as ensure that the bunkering vessels are locally licensed vessels compliant with the prevailing statutory requirements on ship safety, dangerous goods control, etc. We are committed to continuously keeping the market open, maintaining market flexibility and promoting fair competition.

I am pleased to learn that some enterprises have expressed interest in starting green maritime fuel bunkering businesses in Hong Kong. To expedite development, the Marine Department will introduce facilitation measures to approve temporary local licences to suitable service operators for their bunkering vessels, so that they can provide bunkering services using non-local licenced vessels (including those from other cities in the Greater Bay Area and beyond).

The Marine Department is also streamlining the approval process for green maritime fuel bunkering to provide efficient and facilitating services with clear requirements for future bunkering businesses.

(2) The focus of the promulgation of the Action Plan is the adoption of a development direction of multi-fuel strategy and the fostering of establishment and development of an ecosystem for the bunkering industry, including providing support for the industry to develop facilities for the storage of various types of fuels. In terms of biofuels, we will explore relaxing the administrative regulations on the storage and transportation of biodiesel at higher concentrations. On LNG, the Government will explore using the offshore LNG terminal built by the two power companies to provide LNG for bunkering purpose, on the condition that it would not affect electricity generation and prices. On green methanol, the Government has identified a port back-up land parcel in Tsing Yi South, and will commence preparatory work for applying for the relevant planning permission for using the site for storage of dangerous goods. The Government also welcomes companies to

retrofit some of the current oil storage tanks for storage of green maritime fuels and will provide suitable assistance in relation to the administrative procedures.

The development of hydrogen is at an early stage, with few hydrogen-powered vessels in operation or on order. The current demand for hydrogen from the industry is temporarily limited. Nevertheless, we are monitoring the market situation and will conduct a feasibility study on the development of bunkering of hydrogen and green ammonia in Hong Kong starting next year to get a head start.

We will introduce four measures to support industry development, including (i) setting up a dedicated team at the Marine Department to provide one-stop services for green shipping-related companies interested in setting up businesses in Hong Kong; (ii) setting up a collaborative platform for stakeholders in the relevant businesses to catalyse the development of the industrial chain and ecosystem; (iii) developing green-friendly port facilities arrangements, including giving priority for green maritime fuel-powered vessels to use anchorages for bunkering if necessary; and (iv) launching a Green Maritime Fuel Bunkering Incentive Scheme next year to grant subsidies to pioneer companies after they have completed preparatory work such as quantitative risk assessment and marine traffic impact assessment and provided bunkering services to vessels within a specified period of time.

(3) Mainland is a major production base for multiple green maritime fuels, including green methanol, and its operations are also relatively competitive. With the advantage of enjoying the support of the Motherland, Hong Kong can better meet its needs through importing green maritime fuels from Mainland to establish a stable supply chain.

Currently, some enterprises in Hong Kong are already producing biodiesel. The Government welcomes suggestions from the industry for producing more types of green maritime fuels in Hong Kong. We will provide necessary assistance in relation to the administrative procedures. At present, Hong Kong is also taking forward the construction of waste-to-energy (WtE) facilities, with a view to moving away from the reliance on landfills for direct disposal of domestic waste by 2035. The Integrated Waste Management Facilities Phase 1 (Iâˆ™PARK1) currently under construction next to Shek Kwu Chau and the planned Iâˆ™PARK2 in Tuen Mun both adopt incineration technology to convert waste into thermal energy for power generation. Apart from facility operation, surplus electricity can also be exported to the power grid. The Government is identifying a suitable site in the Northern Metropolis for building the third advanced WtE facility. The specific planning and development timetable of the facility will depend on the projected amount of waste that will be generated in relation to long-term population and economic growth dynamics, as well as the actual volume of waste reduced and recycled.

â€‹Thank you, President.