

Transport infrastructure and logistics development

The development of transport infrastructure and logistics industry complement each other. Hong Kong's progress not only hinges on its traffic and transport system but also on the efficient flow of people and goods both domestically and internationally. The city will continue to consolidate and enhance its position as an international maritime centre, international aviation hub and regional logistics hub.

Transport Infrastructure

While **railway continues to be the backbone of the public transport system**, local and cross-boundary transport infrastructure projects are planned and developed under the **infrastructure-led and capacity-creating approach** and more **Smart Mobility initiatives** are launched. Stronger transport links between Hong Kong and the Mainland will facilitate the city's further integration into national development.

- **Hong Kong's public transport system was ranked first** for two consecutive years among a number of global cities in "**Public Transit sub-index**" of **Urban Mobility Readiness Index 2022 and 2023** based on factors including distance to public transit, diversity of public transit modes, affordability, operating hours and commute speeds (**research report published by Oliver Wyman Forum in partnership with the University of California, Berkeley in 2022 and 2023**).
- **Hong Kong was ranked first** among 25 metropolitan cities in "**sustainable development index**" of **transport system** (**research report published by the internationally-renowned consultancy firm McKinsey in 2021**).
- **The Hong Kong-Zhuhai-Macao Bridge (HZMB) Hong Kong Section project was awarded the Institution of Civil Engineers People's Choice Award 2019** for its remarkable achievement in project management and contribution to the enhancement of regional transportation networks.

Railway

- The Hong Kong Section of the **Guangzhou-Shenzhen-Hong Kong Express Rail Link** commenced services in September 2018, connecting Hong Kong to the over 40,000 km national high-speed rail network. It connects to a total of 73 destinations in the Mainland with 188 daily trips. On August 14, 2023, the "**Same-day Flexi-trip Arrangement**" was launched for passengers travelling between Hong Kong West Kowloon Station and Futian Station to enhance the flexibility of passengers' trip arrangements. In addition, on January 25, 2024, "**20-ride Ticket**" and "**30-day Ticket**" were introduced for train trips between Hong Kong West Kowloon Station and 10 Mainland destinations to allow frequent travellers to enjoy discounted fares, further promoting the "one-hour living circle" in the Greater Bay Area (GBA).
- To jointly develop the "Greater Bay Area on the Rail", the governments of Hong Kong and Shenzhen have established the "Task Force for Hong Kong-Shenzhen Co-operation on Cross-Boundary Railway Infrastructure" to take forward the **Hong Kong-Shenzhen Western Rail Link (Hung Shui Kiu - Qianhai)** and the **Northern Link Spur Line**.

- Local railway projects are also progressing in a timely and orderly manner, among which the construction works of the **Kwu Tung Station as Phase 1 of the Northern Link project, Tung Chung Line Extension, Oyster Bay Station** and **Tuen Mun South Extension** have commenced in 2023. The construction of **Hung Shui Kiu Station** and **Northern Link Main Line** is expected to commence in 2024 and 2025 respectively.
- Currently, the extensive railway network, with a total length of about 271 km and 167 stations (including 99 heavy rail stations and 68 light rail stations), serves areas where more than 70% of people live and about 80% of people work.
- The Government promulgated the **Hong Kong Major Transport Infrastructure Development Blueprint** in December 2023 to formulate a planning framework for the city's future transport infrastructure development and outline a forward-looking vision for strategic railway and major road networks, with a view to meeting Hong Kong's long-term transport and logistics demand up to 2046 and beyond; proposing the **Northern Link Eastern Extension** to extend the Northern Link to Ping Che via Lo Wu South and Man Kam To areas, connecting New Development Areas and different boundary control points; the **Northeast New Territories Line** to provide a north-south railway from Heung Yuen Wai to Fanling Station of the East Rail line, via Ping Che and Queen's Hill areas, linking major development nodes; the **Central Rail Link** to connect Kam Tin with Kowloon Tong Station via Tsuen Wan and Kwai Chung; the **Tseung Kwan O Line be extended southward** to Area 137 in Tseung Kwan O.

Smart and Green Mass Transit Systems

- **Smart and green mass transit systems** will be implemented in **East Kowloon, Kai Tak** and **Hung Shui Kiu/Ha Tsuen New Development Area** for connection to nearby railways and major public transport interchanges in the areas.

Road

- The HZMB, commissioned in October 2018, significantly reduces travelling time between Hong Kong and the western Pearl River Delta. To make good use of the HZMB, **Northbound travel for Hong Kong Vehicles** was implemented since July 2023. Eligible Hong Kong private cars are allowed to travel between Hong Kong and Guangdong via HZMB without the need to obtain "regular quota" in advance. The Scheme makes it easier for Hong Kong residents to drive to Guangdong for business, family visits or sight-seeing on a short-term basis. Besides, the **arrangement for Hong Kong-Macao cross-boundary goods vehicles using the HZMB** was implemented in August 2023 where goods vehicles of Hong Kong and Macao were allowed to transport goods between the two places via the HZMB. Hong Kong will continue to work closely with the authorities in Guangdong and Macao to take forward various cross-boundary transport initiatives.
- With the opening of the **Tuen Mun-Chek Lap Kok Link (TM-CLKL) Northern Connection** in December 2020, the TM-CLKL is fully commissioned. It significantly reduces the driving distance between Tuen Mun South and the Hong Kong International Airport (HKIA). It also helps divert traffic to and from Lantau Island.
- **Tseung Kwan O-Lam Tin Tunnel and Cross Bay Link, Tseung Kwan O** were commissioned on December 11, 2022, providing a new route between Tseung Kwan O and Kwun Tong as well as the Eastern Harbour Crossing, with a remarkable effect in diverting the traffic to and from Tseung Kwan O. **Tseung Kwan O-Lam Tin Tunnel**, together with the **Central Kowloon Route and Trunk Road**

T2 and Cha Kwo Ling Tunnel which are under construction, form the **Route 6**, providing an east-west express link between Tseung Kwan O and West Kowloon. Upon completion, the **Route 6** will divert existing traffic between East Kowloon and West Kowloon and help relieve the traffic load on the existing major road links in Kowloon East.

- The Hong Kong Major Transport Infrastructure Development Blueprint proposed to build the **Tseung Kwan O-Yau Tong Tunnel** for enhancing the external connection for Tseung Kwan O, the **Northern Metropolis Highway** to improve the east-west connectivity in the New Territories North and the **Shatin Bypass** as a north-south new trunk road connecting Tai Po and Kowloon West.
- To meet the expected traffic demand arising from the progressive development in the Northwest New Territories, the Government is taking forward **Tuen Mun Bypass, Route 11 (section between Yuen Long and North Lantau), Tsing Yi-Lantau Link** and **the widening of Yuen Long Highway (section between Lam Tei and Tong Yan San Tsuen)**, so as to enhance the internal and external connectivity of the Northwest New Territories.
- The Government is taking forward the **improvement of Lion Rock Tunnel project** with a view to carrying out a full-scale tunnel rehabilitation and taking the opportunity to enhance the traffic capacity of the tunnel and its connecting roads.

Public Transport

- Hong Kong has an efficient, convenient and diversified public transport system, including railway, franchised buses, public light buses, trams, taxis, non-franchised buses and ferries, providing affordable, safe and reliable services to the public.
- Every day, over 11 million passenger trips are made through different public transport services, representing close to 90% of daily commutes, which is among the highest rate of public transport usage in the world.
- The Road Traffic Legislation (Enhancing Personalized Point-to-point Transport Services) (Amendment) Bill 2023 and the Taxi-Driver-Offence Points Bill were passed by the Legislative Council in December 2023. These bills introduced a series of measures for enhancing personalised point-to-point transport services, including the introduction of a taxi fleet regime, etc., with a view to fostering the healthy and long-term development of the taxi trade.

Smart Mobility

The Government is promoting smart transport infrastructure, data sharing and analytics, and applications and services, which enhances traffic management and services. Major initiatives include:

- Rolled out the **HKeToll, a free-flow tolling service**, in full swing at the Tsing Sha Control Area and all government-toll tunnels in 2023 for more efficient and convenient payment. This also laid the foundation for the smooth implementation of **time-varying tolls** at the three road harbour crossings in December 2023.
- Providing funding support, through the \$1 billion **Smart Traffic Fund**, to local institutions and enterprises for conducting research and application of technology to enhance commuting convenience and efficiency of road network or space, and improve driving safety. As at end-2023, 49 projects have been approved by the Management Committee on Smart Traffic Fund, involving a total funding of around \$328 million.
- Actively implementing a number of **automated parking system projects** in suitable short-term tenancy car parks and public works projects. The short-term tenancy projects in Tsuen Wan and Pak

Shek Kok were commissioned in November 2021 and December 2022 respectively, while those in Sham Shui Po and Yau Ma Tei are expected to be commissioned in 2024.

- Continue to roll out **e-licensing initiatives** to further enhance operational efficiency and improve convenience for the public.
- A new **regulatory regime for autonomous vehicles** has been in effect from March 1, 2024 onward to facilitate wider trial and use of autonomous vehicles in Hong Kong.
- The Government is establishing a legal framework for implementing **Traffic e-Enforcement**, in order to serve Fixed Penalty Notices by electronic means for traffic contraventions or offences, and developing a thematic portal through which members of the public can view their traffic offence records and handle related matters online.
- Improving the **Traffic Data Analytics System** to analyse traffic and weather data to disseminate real-time and estimated journey time information to the public. The System also provides high quality open data to encourage the industry to develop more innovative applications that would make it easier for people to travel around.
- Upgrading the service quality of various smart mobility measures such as the **new generation of on-street parking meters**, the **"HKeMobility" mobile app** and the dissemination of real-time parking vacancy information; and to develop appropriate smart mobility initiatives.

Logistics Development

Hong Kong's international airport and port facilities are consistently rated among the best and busiest in the world:

- With the strengths of high efficiency, good connectivity and wide coverage, Hong Kong serves as the gateway for trade between the Mainland and other places around the world and has also become an important regional logistics hub.
- The Government will seize the 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", the Belt and Road Initiative, as well as the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area to further develop the maritime industry so as to support the development of the logistics industry; and to enhance co-operation with the Mainland on aviation, maritime and logistics development so as to complement the advantages of both sides.

Aviation

- As at December 2023, around 120 airlines offered **more than 750 flights daily to around 180 destinations worldwide**, including about 30 destinations in the Mainland.
- Hong Kong has **Air Services Agreements** or **International Air Services Transit Agreements** with about 50 countries involved in the Belt and Road Initiative.
- With the full resumption of normal travel since early 2023, Hong Kong's air traffic has been steadily recovering. In 2023, **HKIA** handled 40 million passengers and about 276,000 flight movements. Cargo throughput amounted to 4.3 million tonnes, maintaining HKIA's edge in cargo handling as the **Asia's Leading Airport and China's Leading Airport in 2023 (World Travel Awards)**, the **World's Busiest Cargo Airport in 2023 (Airports Council International)**, the **Airport of the Year 2022 (Air Cargo Week: World Air Cargo Awards 2022)** and **Asia Pacific's Cargo Airport of the Year 2022 (9th Payload Asia Awards)**.

- **Airport Authority Hong Kong (AAHK)** is pressing ahead with the **Three-Runway System** project. The Third Runway was officially commissioned for operation with effect from November 25, 2022, signifying an important milestone for the Three-Runway System project. The whole **Three-Runway System**, expected to be completed in 2024, will significantly increase HKIA's passenger and cargo handling capacities.
- After its expansion, HKIA's annual passenger and cargo handling capacities are expected to increase to around 120 million and 10 million tonnes respectively from 2035 onwards.
- AAHK is taking steps to transform HKIA into an **"Airport City"** with a view to developing HKIA into a node of various economic activities with aviation as its core business, to support the economic growth of Hong Kong and neighbouring regions. Major projects of the **Airport City** include **SKYCITY**, **automated carparks** on the Hong Kong Port (HKP) Island of HZMB, the **AirportCity Link**, which connects the HKP Island and **SKYCITY** and its extension to Tung Chung Centre named **Airport Tung Chung Link**, as well as the construction of a new aviation business park on the **Airport Island**. HKIA is also exploring with Zhuhai authorities the feasibility of building an aviation industrial park in Zhuhai, to promote the aviation industry in the two places through cross-boundary co-operation.
- **SkyPier Terminal** commenced operations in August 2023, while the **"Fly-Via-Zhuhai-HK"** direct passenger transport service was officially launched in December 2023 to provide "air-land-air" passenger service for Mainland and international passengers travelling between the domestic aviation and the world via HKIA. **HKIA and Zhuhai Airport** will continue to collaborate by combining the domestic aviation network of Zhuhai Airport and the international aviation network of HKIA, thereby enhancing intermodal connectivity and boosting the overall competitiveness in and connectivity for passenger and cargo services.
- The 200m-long **Sky Bridge** has been in use since November 2022 which connects Terminal 1 (T1) and T1 Satellite Concourse, and has brought convenience and new experience to passengers.
- AAHK will set up an upstream **HKIA Logistics Park** in Dongguan and an **airside intermodal cargo pier** within the restricted area of HKIA, to facilitate seamless transportation of export cargo from the Mainland to the HKIA for transshipment to overseas destinations. A pilot scheme has commenced since end-2021. The first-phase construction of the permanent facility for the **HKIA Logistics Park** in Dongguan will be completed by end-2025 to promote the sea-air intermodal cargo transshipment mode between HKIA and Dongguan. The construction of the **Kwo Lo Wan premium logistic centre** and **the expansion of the DHL Central Asia Hub have also been completed**, substantially strengthening the airport's cargo handling capacity.
- AAHK will gradually introduce **"Smartlane"** at HKIA to facilitate aviation security screening; increase the coverage of **Flight Token service** to 80% of departure passengers to allow them to pass through airport checkpoints by facial recognition, and promote the use of **sustainable aviation fuel** by airlines in Hong Kong.
- **The Hong Kong International Aviation Academy**, established in 2016, will continue to nurture local and regional air transport management talents and to consolidate Hong Kong's position as a regional aviation training centre. Apart from continuing to partner with the National School of Civil Aviation of France to co-organise the **Advanced Master Programme in Air Transport Management** to attract prospective students from Belt and Road countries, the Academy also launched in May 2023 a **GBA Youth Aviation Industry Internship Programme** with aviation training institutions in the Mainland to **send young people from the Mainland and Hong**

Kong to HKIA and other airports in the GBA respectively for internship so as to attract more young people to join the aviation industry and meet the long-term manpower demand of the aviation industry in Hong Kong and the GBA.

- With a view to developing Hong Kong into the preferred location for aircraft leasing in the region, the Government enhanced the aircraft leasing preferential tax regime through legislative amendment in February 2024. The enhancement measures include allowing tax deductions for the acquisition cost of aircraft and expanding the scope of leases and aircraft leasing activities.

Hub Port

- Hong Kong is **one of the world's busiest and most efficient ports** with competitive advantages, including free port status, efficient customs and well-established port infrastructure. Water transport accounted for over 90% of freight volume to and from Hong Kong in 2022.
- Hong Kong Port, an important regional hub port, handled 14.4 million TEUs in 2023. Every week, Hong Kong Port provides over 300 international container vessel sailings to nearly 500 destinations worldwide, of which over 220 shipping services connect different ports in Asia. Such extensive liner services coverage underpins Hong Kong's position as an international maritime centre.
- **Ranked No.4 globally** in the **Xinhua-Baltic International Shipping Centre Development Index** in 2022 and 2023, which rates international maritime centres in terms of port factors, shipping services and business environment.
- Hong Kong Port maintains marine cargo movements with some 90 countries along the Belt and Road Initiative.
- Develop a **"Smart Port"** by promoting wider application of digital technology by the industry, including the setting up and trial use of a digitalised port community system by phases from 2023 to facilitate the flow and sharing of data among stakeholders in the maritime, port and logistics industries.
- Develop a **"Green Port"** by rolling out a feasibility study on the provision of bunkering of green methanol for local vessels and ocean-going vessels, as well as taking forward the preparation work on bunkering of liquefied natural gas for ocean-going vessels.

Maritime Services

- The Hong Kong Maritime and Port Board was set up in 2016 to foster development of the maritime and port sectors and promote high-value-added maritime services.
- **The Hong Kong Shipping Register ranks 4th globally** in terms of gross tonnage. About 10% of the deadweight tonnage of the world's merchant fleet is owned or managed by Hong Kong ship owners.
- With over 1,100 port and maritime-related companies, Hong Kong can provide a range of **quality maritime services**, including port services, ship agency and management, shipbroking, ship finance, marine insurance, and maritime legal and arbitration services.
- Hong Kong is a **leading centre for shipping and commercial contract formation as well as dispute resolution**. The High Court maintains specialist lists to deal with admiralty and commercial disputes. A judge of the Court of First Instance heads an Admiralty Court Users' Committee.
- **The Baltic and International Maritime Council (BIMCO)** has published BIMCO Law & Arbitration Clause 2020 to include Hong Kong as the fourth designated arbitration venue, alongside London, New York and Singapore.
- Hong Kong is **one of the most significant international ship finance centres in Asia** – wide range of ship finance products available to suit various customers and investors.

- Over 80 local and foreign insurance companies provide marine insurance services in Hong Kong.

Measures to enhance the development of high value-added maritime services include:

- The Government promulgated the **Action Plan on Maritime and Port Development Strategy** in December 2023, formulating 10 strategies and 32 action measures to enhance port competitiveness, develop high value-added maritime services, strengthen promotion and nurture talents and step up support to the Hong Kong Maritime and Port Board. The Action Plan aims to support the sustainable development of the maritime and port industry in Hong Kong, with a view to enhancing the long-term competitiveness of the industry.
- **Tax concessions to foster ship leasing business**, including exemption of profits tax for qualifying ship lessors and a half-rate profits tax concession for qualifying ship leasing managers, to attract more ship leasing companies to set up and expand business in Hong Kong.
- **50% profits tax concession to marine insurance businesses**, covering cargo insurance, marine hull insurance and marine liability insurance, etc.
- **50% profit tax concessions to specified shipping commercial principals** (ship agents, ship managers and ship brokers) for attracting more maritime enterprises to establish a presence in Hong Kong.
- Expanding the network of Comprehensive Double Taxation Agreements to attract more overseas ship owners and maritime service providers to set up offices in Hong Kong.
- **Expanding the overseas service network of the Hong Kong Shipping Registry (HKSR)** to provide more direct and prompt support for Hong Kong registered ships, including providing technical support and responding to Port State inspection and emergencies. At present, there are seven HKSR Regional Desks in London, Shanghai, Singapore, Sydney, San Francisco, Tokyo and Toronto. The HKSR will make use of its existing edge to encourage more maritime companies to use the maritime services of Hong Kong.
- Subsidy schemes under the **Maritime and Aviation Training Fund** were enhanced in 2023, including the acceptance of applications for maritime internship places throughout the year and the extension of eligibility for internship applications for the support of maritime manpower training in attracting more young people to join the industry. As regards three other training incentive schemes, subsidy amounts were increased with subsidy period extended and scheme coverage expanded to sustain the efforts in attracting and retaining maritime talents. The Fund has benefited more than 10,000 students and maritime practitioners, and around 90,000 persons participated in its promotional and publicity activities since its establishment in 2014.
- **Maritime Services Traineeship Scheme** was launched in September 2023 to provide traineeship for young people who aspire to a career in maritime law.
- **The International Union of Marine Insurance** has set up its Asian hub in Hong Kong.
- **International Chamber of Shipping** has set up its first Asian liaison office in Hong Kong (International Chamber of Shipping (China) Liaison Office).
- The Government signed a **Memorandum of Understanding on Greater Bay maritime co-operation** with the Guangzhou Port Authority in May 2023, establishing a communication mechanism for maritime and port development. Collaboration among the GBA port cluster was also enhanced to facilitate teacher exchanges and provide multi-location training programmes to strengthen the training of maritime talents. The Government will join hands with the GBA maritime sector to co-host

the next **Greater Bay International Maritime Conference** so as to promote the comprehensive strength of the GBA port cluster.

Logistics Sector

- **The Hong Kong Logistics Development Council**, established in 2001, is committed to enhancing logistics development and promoting high-end and high value-added modern logistics services.
- The Government promulgated the **Action Plan on Modern Logistics Development** in October 2023 to formulate 8 strategies and 24 action measures to meet the short, medium and long-term development needs of the logistics sector, with a view to **promoting the high-quality development of Hong Kong's logistics industry along the directions of smart development, modernisation, green and sustainability, internationalisation and facilitation**.
- **Professional Training on Smart and Green Logistics Scheme** and **Logistics Promotion Funding Scheme** were open for application in January 2024, providing more dedicated funding support to strengthen manpower development and promotional efforts of the logistics industry.
- Hong Kong will continue to enhance logistics co-operation with other GBA cities, so as to facilitate cargo transshipment via Hong Kong using the HZMB.
- To encourage the logistics industry to **enhance productivity through technology application**, a **Pilot Subsidy Scheme for Third-party Logistics Service Providers** was launched in October 2020 with an injection of \$300 million. Following the increase of the Government's subsidy ratio from 1:1 to 2:1 in 2023, the scheme was further enhanced in February 2024, with the funding ceiling for each applicant enterprise increased from \$1 million to \$2 million and the scope of funding extended to cover services related to the application of ESG technology solutions.
- **Suitable sites continue to be identified and released** for the trade to **develop modern logistics facilities**. Five sites in Tsing Yi, Kwai Chung and Tuen Mun have been granted through public tender since 2010 for modern logistics use. In addition, the AAHK granted the development and management rights of a piece of land covering an area of about 5.3 hectares at the south cargo precinct of the HKIA in June 2018 to develop the premium air cargo logistics centre. A total of four parcels of logistics land in the vicinity of the Kwai Tsing Container Terminal covering about 19 hectares are planned for disposal regularly from 2024 to 2027. The Government has also reserved logistics land of about 37 hectares in the Hung Shui Kiu/Ha Tsuen New Development Area of the Northern Metropolis for developing modern logistics clusters with different function to leverage on the clustering effect for enhancing the operational efficiency of the logistics industry, and thereby facilitating the sustainable development of smart logistics in Hong Kong.
- Enterprises in the logistics industry are subsidised to provide various **on-the-job training courses** for logistics practitioners, including supply chain management and cross-border e-commerce. **Summer internship programmes** are launched to nurture professionals for the long-term development of the modern logistics industry.
- The first ever **professional training and certification course on cold chain logistics management** equips practitioners with sound knowledge in the management and operations of cold chain logistics, thus leveraging Hong Kong's strengths in cold chain logistics services for high-value goods such as pharmaceuticals and perishables.
- The Government co-organises the annual **Asian Logistics, Maritime and Aviation Conference** with the Hong Kong Trade Development Council, providing a platform for logistics, maritime, air

transport and supply chain management services providers to exchange market intelligence and explore the latest industry developments.

(Revision date: April 24, 2024)

APRIL 2024