

For discussion
on 27 November 2023

Legislative Council Panel on Economic Development

Action Plan on Modern Logistics Development

PURPOSE

This paper briefs Members on the Action Plan on Modern Logistics Development (“the Action Plan”) promulgated by the Government on 31 October 2023.

BACKGROUND

2. Hong Kong has long been a premier logistics hub in Asia and an important gateway for trade between the Mainland and the rest of the world. The trading and logistics sector is one of Hong Kong’s four key economic pillars, accounting for approximately one-fifth (around \$651 billion) of Hong Kong’s GDP and providing over 610 000 jobs, with the logistics sector alone contributing 6.2% (around \$170 billion) to our GDP and around 184 000 jobs to our total employment. With our excellent geographical location, free port status, well-developed infrastructure and experienced professionals, combined with a comprehensive sea, land and air transportation network, Hong Kong has always been playing a pivotal role in promoting the flow of goods in the region.

3. The Central Government has clearly affirmed Hong Kong’s positioning as an international aviation hub and international shipping centre in 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" and indicated clear support for the development of high-value air cargo logistics and high value-added maritime services in Hong Kong in the "*Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area*", so as to leverage on Hong Kong's strength as a regional logistics hub.

4. To accelerate the high-quality development of the logistics industry and enhance Hong Kong's position in both the global and regional supply chain, the Government, with advice and input from the Legislative Council, Hong Kong Logistics Development Council (LOGSCOUNCIL) and various stakeholders of the logistics industry, formulated and published the Action Plan last month to map out the future development direction of the logistics industry in Hong Kong.

OVERVIEW OF THE ACTION PLAN

5. The Action Plan sets out eight strategies and 24 action measures to meet the short, medium and long-term development needs of the logistics sector. By realising smart development, modernisation, green sustainability, internationalisation and facilitation, the Government is committed to developing Hong Kong into a sustainable international smart logistics hub focusing on high-value goods and the e-commerce market, thereby capitalising on the tremendous opportunities brought by the rapid development of our country and the region. The eight strategies of the Action Plan and their major corresponding action measures are as follows -

(1) To Promote Digitalisation and Smart Logistics Development in the Industry

6. In line with the smart logistics trend and to seize business opportunities arising from the growth of cross-border e-commerce business, the Government will implement enhancement measures for the "Pilot Subsidy Scheme for Third-party Logistics Service Providers" ("Pilot Scheme") from 2024. In addition, the Government will also regularise the Pilot Scheme in order to provide appropriate support for the industry to facilitate their transformation towards digitalisation and adoption of smart logistics solution, with a view to enhancing the operational efficiency and competitiveness of the logistics industry. The Government will also make use of the "Maritime and Aviation Training Fund" ("MATF") to provide practitioners with smart logistics related training.

7. In terms of technical support, to help the industry to better grasp logistics technology information and knowledge, the Hong Kong Productivity Council ("HKPC"), the Secretariat of the Pilot Scheme, will provide one-on-one advisory services to logistics enterprises interested in technology adoption and assist them in selecting appropriate technology solutions according to their business development needs. The Government will also, in collaboration with HKPC, expand the scale and enrich the content of the annual "LOGTECH Expo" from 2024 onwards so as to provide logistics enterprises with opportunities to have understanding on application of technology solutions.

(2) To Build and Promote the Industry Image as High-end and Innovative

8. In order to change the public's perception of the traditional logistics industry as labour-intensive and monotonous, particularly in the views of the younger generation, the Government will collaborate with the LOGSCOUNCIL, industry associations, tertiary and training institutions to revamp the image of modern logistics industry as "Smart, Innovative, High-end" and promote the innovation of the industry. We will organise more publicity and promotional

activities, annual award scheme and large-scale international and regional conferences, including start-up simulation and innovation competitions on smart logistics targeting the youth as well as award schemes for outstanding young practitioners starting from 2024, with a view to attracting the younger generation to join the industry and inject new impetus into the logistics sector.

(3) To Promote Interconnectivity of Logistics Data for Enhancing Industry Competitiveness

9. Logistics data interconnection allows enterprises to have a better grasp of real-time supply chain information, enabling them to make decision in choosing the most efficient and cost-effective transportation modes and allocating corporate resources in a more precise manner, which assists enterprises to improve operational efficiency, reduce costs, and is particularly important in facilitating the sustainable development of cross-border e-commerce.

10. To enhance industry's competitiveness, the Government will, through developing and connecting different logistics information platforms locally (including the Hong Kong International Airport Cargo Data Platform and the Port Community System), utilise big data to enhance the efficiency and transparency of the supply chain and reduce logistics costs. We will commence a consultancy study in 2024 to develop a logistics data platform connecting our airport, port and other relevant logistics information platforms to facilitate the interconnection and sharing of logistics data, with a view to enhancing the management and coordination of the flows of goods and information across the Greater Bay Area ("GBA") in the long run.

(4) To Promote Green Logistics for Driving Industry Development

11. In recent years, leading enterprises around the globe have increasingly focused on Environment, Social and Governance (“ESG”) performance as an important indicator for their business operation. Adopting green logistics solutions can save energy, reduce carbon emissions and recycle resources, thereby driving the global supply chain towards a zero-carbon future. Therefore, green logistics can play a crucial role in achieving ESG targets for logistics enterprises.

12. To this end, the Government will promote the development of green and sustainable logistics through a sub-committee under the LOGSCOUNCIL starting from 2024, with the aim to formulating a clear roadmap for the development of green and sustainable logistics with concrete commitments for implementation. The Government will also encourage cross-sectoral collaboration in the development of ESG-related green logistics applications by making use of the Government's existing research and development funding schemes on innovation and technology. Moreover, we will make use of the new injection of HK\$200 million into the MATF to strengthen on-the-job training and continuing education programmes with a view to enhancing the awareness of environmental conservation and sustainable development among SME employers and employees. In order to equip the local logistics industry with the knowledge of the latest ESG requirements, we will cooperate with the HKPC to organise certification courses and seminars related to green logistics, energy conservation and emission reduction starting from 2024. Furthermore, in order to strengthen support for the SMEs, the Government will encourage the logistics industry to adopt existing technologies for achieving green logistics through the “Pilot Scheme” and will provide advisory services through the HKPC.

(5) To Stabilise Supply of Logistics Land and Develop Logistics Clusters with Different Functions

13. Stable supply of land is crucial for the development of logistics industry. With a view to providing stable supply of affordable logistics land to meet the short and medium-term demand for logistics land, we plan to dispose a total of four parcels of logistics land covering about 19 hectares regularly from 2024 to 2027.

14. In the long run, the Government has reserved logistics land of about 37 hectares in the Hung Shui Kiu/Ha Tsuen new development areas (“NDAs”) 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. We will commence the relevant planning studies in 2023. It is expected that the findings of the study will be released in 2025.

(6) To Strengthen Collaboration with the Greater Bay Area and Grasp New Development Opportunities

15. Capitalising on the unparalleled advantages of basing in the GBA, enjoying strong support of the Motherland and being closely connected to the world, the Government will continue to work closely with the industry and the LOGSCOUNCIL to strengthen the collaborated development with other cities in the GBA and the Mainland through improving various multimodal transport and making good use of the Hong Kong-Zhuhai-Macao Bridge, and actively dovetailing with national development strategies. We will also encourage and assist the industry in formulating management standards and guidelines for

logistics services on high-value goods (e.g. cold chain goods) with other cities in the GBA from 2024. This will enable the industry to capture the new demand for modern logistics services in the GBA, and through this, to promote the high-quality development of Hong Kong's logistics industry and the development of Hong Kong into a sustainable modern, high value-added and smart logistics service centre.

(7) To Promote Hong Kong's Unique Advantages and Actively Explore New Business Opportunities

16. The Government will continue to actively open up new markets by promoting Hong Kong's diversified financial and professional services, as well as our strengths in modern logistics industry to attract more Mainland and overseas enterprises to use Hong Kong's logistics enterprises for their regional distribution or even setting up their regional distribution centres in Hong Kong, and thereby exploring new business opportunities in the Association of Southeast Asian Nations ("ASEAN"), the Middle East, and other countries along the "Belt and Road". In addition, starting from 2024, we will conduct promotional visits with the LOGSCOUNCIL to the Mainland including other GBA cities, as well as the emerging markets along the ASEAN, the Middle East and other "Belt and Road" cities annually. We will also organise more large-scale promotional events in Hong Kong to promote Hong Kong's logistics industry, enhancing the exchanges and collaborations with cities in the region, with a view to expanding the footprint of the industry and telling the good story of Hong Kong.

(8) To Enhance Cross-sectoral Coordination for Supporting the Long-term Development of the Logistics Industry

17. The Government will expand the membership of LOGSCOUNCIL by appointing representatives from relevant Government bureaux and departments as well as other related industry sectors in 2024, with a view to facilitating discussion on cross-sectoral issues related to logistics at the platform of the LOGSCOUNCIL. Such issues include logistics land planning, manpower training and development, green and sustainable logistics, cross border e-commerce logistics, technology adoption, and business promotion, etc. The industry can discuss issues cutting across different bureaux and departments, which is conducive to policy nurturing and implementation of follow-up actions on cross-bureaux/departmental issues.

WAY FORWARD

18. The Government will, with the support of the LOGSCOUNCIL, work with relevant stakeholders to implement the strategies and action measures formulated in the Action Plan in phases. To ensure that the strategies can keep abreast of the development in the industry, we will also continue to review the implementation progress of the relevant strategies and their effectiveness.

ADVICE SOUGHT

19. Members are invited to note and comment on the content of this paper.

Transport and Logistics Bureau
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