

Logistics



Climate Readiness

Hong Kong's strategic geographical location has enabled the industry to explore intermodal transportation solutions. Leveraging its well-connected port, the city serves as a gateway for goods entering and exiting China and the broader Asia-Pacific region.

The climate transition journey of the Hong Kong logistics industry is marked by a series of challenges that underscore the complexities of achieving sustainability. From addressing the awareness gap among frontline workers to managing the costs of adopting new technologies, and from breaking through innovation barriers to navigating governance mismatches, these challenges collectively shape the industry's path toward a more environmentally responsible future. Recognising and confronting these challenges head-on is crucial to ensuring that the logistics industry in Hong Kong successfully achieves its climate transition goals and contributes to a greener, more sustainable future.

Current State

As one of the four pillar industries of Hong Kong's economy, the performance data of the logistics industry speaks for itself. In 2020, the industry contributed to nearly 20% of Hong Kong's GDP. Hong Kong ranked as the top city with the highest amount of throughput from the airport, while the city is one of the top 10 cities with the highest amount of throughput from ports.

Hong Kong, with its dense urban landscape and limited land area, faces unique logistical and environmental challenges. The demand for goods and services is high, necessitating the constant movement of freight in and out of the city. This dynamic activity has contributed to congestion, air pollution, and a considerable carbon footprint. In response, different stakeholders have begun to adopt measures that prioritise sustainability while ensuring the continuity and profitability of its operations.

Policies and Regulations

- Hong Kong's Climate Action Plan 2050
- Clean Air Plan for Hong Kong 2035
- Hong Kong Roadmap on Popularisation of Electric Vehicles



Background

Business Environment Council (BEC) is supported by NWS Holdings Limited in conducting a study over the group's climate readiness for four selected sectors, namely construction, insurance, logistics, and facilities management. The study aimed to comprehensively evaluate businesses' understanding of the concept of net-zero and their efforts towards achieving net-zero goals. It also sought to identify good practices, priorities and measures that can assist businesses in reaching net-zero targets. The study employed a comprehensive approach, including desktop research, stakeholder engagement, focus group discussions, and an online survey to gather insights and perspectives. This Sector Briefing focuses specifically on the logistics sector, summarizing its performance, challenges, and recommendations for achieving a sustainable and environmentally friendly future. By providing actionable insights and supporting the industry's transition to a low-carbon economy, the briefing aims to contribute to the logistics sector's efforts in addressing climate change.

Challenges

The highly carbon intensive shipping industry is under increasing pressure to act aggressively to clean up its operations. The climate transition of Hong Kong's logistics industry is marked by challenges encompass various dimensions, from operational awareness to economic considerations and governance issues. Recognising and addressing these hurdles is essential to ensure a smooth and effective transition towards a greener logistics sector.



Long Funding Process

- Expand funding options to promote green transport and expand the funding regime



Innovation Barrier

- Lack of mature and economically viable green fuel alternatives is a notable concern
- Current efficiency of batteries would not support the widespread electrification of transportation
- High cost in transitioning into LNG or methanol for fuels



Lack of Decarbonisation Policies for the Sector

- Different countries in the globe have been implementing decarbonisation policies



Mismatch in Governance

- The logistics development is led by statutory body officials lacking direct industry experience, result in a gap between policy decisions and the practical needs of the sector



Space Limitation

- Limited physical space restricts the ability to construct and expand the infrastructure needed to support the sustainable logistics practices
- Hinders the establishment of warehouses that are strategically located and equipped for environmentally responsible operations

Recommendations

Looking ahead, the logistics sector in Hong Kong is poised to play a vital role in the city's climate change mitigation and adaptation efforts. As the urgency to address climate change intensifies, the logistics industry has a significant opportunity to drive innovation and sustainable practices. This transformation encompasses various key players within the sector, including logistics companies, transportation providers, and government agencies. To effectively tackle climate change, it is essential for all stakeholders in the logistics sector to collaborate and align their efforts.



Statutory Body

Formulate a Long-term and Strategic Development Plan

- The statutory body should take a leadership role in Hong Kong's logistics development and formulate a long-term and strategic development plan for the industry

Establish a Public Body

- Establish a dedicated statutory body
- Upgrade the HK Maritime and Port Board (HKMPB) to be a statutory body



Industry Practitioners

Boost Frontline Workers' Awareness of Sustainability

- Address awareness gap among frontline workers

Explore Innovative Strategies and Accelerate R&D

- Develop practical business models by exploring innovative solutions



Joint Effort

Promote Green Finance

- Encourage and provide more opportunities for green finance

Strengthen Landlord-Tenant Partnership

- Implement educational programme for tenants and landlords to work on how green facilities can be installed in the warehouse space

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