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By fax and email

5 December 2014

Ms Debbie YAU
Chief Council Secretary
Legislative Council Complex,
1 Legislative Council Road,
Central, Hong Kong.
(Fax No.: 3151 7052)

Dear Ms Yau,

**Meeting of the Panel on Economic Development on 27 October 2014
(Supplementary Information on the Kai Tak Cruise Terminal)**

— Thank you for your letter dated 29 October 2014 addressed to the Secretary for Commerce and Economic Development. Attached please find a supplementary information paper on the Kai Tak Cruise Terminal as requested by the Panel.

Yours sincerely,

(Eddie Lee)
for Commissioner for Tourism

c.c.

Director of Environmental Protection (Attn: Dr Alfred YU)

**Updates on the Kai Tak Cruise Terminal
for the Meeting of the Legislative Council Panel on Economic Development
held on 27 October 2014**

Supplementary Information

Purpose

The Legislative Council Panel on Economic Development ("the Panel") discussed the updates of the Kai Tak Cruise Terminal ("KTCT") at the meeting on 27 October 2014 and requested supplementary information from the Administration. This paper sets out the Administration's response.

Supplementary Information Requested by the Panel and the Administration's Response

2. With regard to the supplementary information on five items requested by the Panel, the Administration's responses are as follows:

- (a) **in respect of the Administration's effort of consolidating Hong Kong's status as the Asia cruise hub, the definition of "cruise hub" in terms of, for instance, the number of cruise ship berthings, passenger throughput, and/or economic benefits, and the target year by which the status as the Asia cruise hub would be achieved; and**
- (b) **the current and target ranking of Hong Kong in respect of its cruise terminal service;**

Hong Kong is a tourism capital of charm. With its strategic location, the wide and deep Victoria Harbour and efficient transport network connecting with the Mainland and other regions, Hong Kong is well-placed to attract large cruise ship deployments by international cruise companies.

The cruise industry does not have a definition of cruise hub in terms of criteria such as the number of cruise ship berthings or passenger throughput. As the source markets, climate, geographical locations, itineraries offered and commissioning time of terminal facilities vary

among different ports, it may not be appropriate to draw direct comparison of the figures of different ports or to rank them. That said, we will study the business performance of the terminals of neighbouring ports (e.g. Shanghai and Singapore), such as the number of cruise ship berthings, the trend of changes in relevant figures and types of cruise ships berthing there. Such information would be a useful reference for our work in promoting the development of cruise industry in Hong Kong. It enables us to make more accurate assessments on the development trends of the regional cruise market and our performance in the region, so as to formulate the appropriate strategies.

As the KTCT is commissioned later than the other neighbouring ports, the utilisation of the KTCT by large cruise ships visiting Hong Kong is still at an initial stage. It is within our expectation that the KTCT is receiving fewer ship calls than the terminals in Shanghai and Singapore at this stage. Yet, given the attractions of Hong Kong, the vast number of potential cruise passengers in the neighbouring region, together with our active marketing efforts outside Hong Kong and collaborative initiatives with the neighbouring ports (such as launching the “Asia Cruise Fund”), we are confident that the number of large cruise ship berthings in Hong Kong will continue to rise in the future. In fact, for the KTCT, the projected total number of ship calls in 2015 nearly doubles that of 2014.

- (c) **the number of cruise passengers from overseas, Mainland and local markets patronizing the KTCT since the commissioning of its first berth in mid-2013, and the strategies to be adopted by the Government to attract more passengers from each of these markets to use the KTCT;**

The breakdown of passenger throughput (arrivals and departures) via the KTCT according to origins between June 2013 and September 2014 is listed in the table below:

Origins of Passengers	Passenger Throughput via the KTCT (arrivals and departures)
Hong Kong	around 18 000
Mainland	around 27 000
Other areas	around 85 000
Total	around 130 000

On the promotion work targeted at local Hong Kong people, the commissioning of the KTCT has spurred local travel agencies to step up promotion on various cruise tourism products. The Travel Industry Council of Hong Kong also organised the Cruise Holiday Expo at the KTCT in September 2013. Many cruise companies and travel agencies participated in the Expo and promoted their different cruise products to local Hong Kong people.

As regards Mainland visitors, we have sought more facilitating measures from the Central Government to facilitate Mainland visitors to come to Hong Kong for joining cruise trips. For instance, the China National Tourism Administration announced last year details of the relaxation measure that allows Mainland tour groups setting off from Hong Kong on cruise ships to continue their journey on the same cruise ships to Japan or Korea after Taiwan before returning to the Mainland.

As for overseas visitors, the Hong Kong Tourism Board (HKTB) has been active in overseas promotion featuring Hong Kong as an international metropolis in Asia. In developing source markets for cruise passengers, the promotion of the HKTB targets at various long- and short-haul markets (such as Southeast Asia and India) to enhance the interest of overseas visitors in the cruise products of Hong Kong.

- (d) **whether the Administration would consider encouraging the transport service providers, particularly taxi and coach service providers, to use electric vehicles in the KTCT to showcase Hong Kong as an environmental-friendly city; and**

At present, the KTCT has 36 standard charging points for electric private cars. In addition, as one of the non-cruise events held at the KTCT this year, a world-renowned electric private cars manufacturer held a launching ceremony in July for its charging points installed at the KTCT. As for public transport, the Environmental Protection Department (EPD) set up a \$300 million Pilot Green Transport Fund in March 2011 to subsidise public transport (including taxis and coaches) operators in trying out innovative green and low carbon transport technologies (including the use of electric vehicles). The Government has also encouraged operators of taxis and coaches as well as other relevant transport operators to make use of the Fund to test electric vehicles in their operations, including service provision at the KTCT.

(e) **the progress of the provision of on-shore power supply facilities at the KTCT.**

Regarding the provision of on-shore power supply (OPS) facilities at the KTCT, the EPD engaged in November 2013 a consultant to conduct technical feasibility study and received a draft study report in July 2014. The Department is reviewing the study's findings and the various factors related to the installation of OPS, with a view to setting the way forward. These factors include the technical details and preliminary design of OPS installation; costs of construction and operation; programme and timeframe of construction; environmental benefits; the latest developments of OPS around the world, including the Asia Pacific region; the cruise companies' position on using OPS; and the development of other emission reduction technologies applicable to marine vessels, etc.

The EPD expects to report the findings and recommendations to the relevant Panel of the Legislative Council in the first half of 2015.

To reduce air pollution from ocean-going vessels, the EPD is drafting a piece of legislation to require ocean-going vessels (including cruise ships) to switch to using fuel with low sulphur content (i.e. with sulphur content not exceeding 0.5%) while at berth in Hong Kong. The piece of draft legislation is targeted to be submitted to the Legislative Council for deliberation in 2015.

Views Sought

3. Members are invited to note the information set out in this paper.

**Tourism Commission
Commerce and Economic Development Bureau
December 2014**