



Climate Governance Engagement Workshop

WORKSHOP SUMMARY

Hosted by:
HKUST

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Participants:
Shipowners, financiers, maritime stakeholders

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1. Context: Dual Purpose Workshop

The 20 May 2026 workshop on energy efficiency technologies (EETs) for vessels provided a useful opportunity to reflect on the Climate Governance Project's case study, *Shipping and Port Decarbonisation: Governing a Global Industry and a Port City*, through the practical concerns of maritime stakeholders.

The workshop served a dual purpose. First, it enabled a substantive discussion of EETs from technical, operational, financial and commercial perspectives. Second, it provided a valuable governance lens. It revealed how shipowners, financiers and other maritime stakeholders think about implementation: who pays, who benefits, what can be verified, what is financeable, and what role Hong Kong can play in reducing uncertainty.

The discussion clarified a wider governance point. Shipping decarbonisation is not only a question of technology or fuel. It is also a question of market creation, regulatory alignment, commercial risk-sharing, data, verification, finance and stakeholder coordination.

2. Linking the Workshop to the Shipping Case Study

The workshop fits directly with the Climate Governance Project's shipping and port decarbonisation case study. The case study frames shipping and port decarbonisation as a dual governance challenge.

First, international shipping is shaped by global rules, especially those developed

through the International Maritime Organization (IMO), as well as by global fuel markets, commercial competition and decisions by shipowners operating across jurisdictions.

Second, the port and harbour are local systems shaped by Hong Kong policy choices on infrastructure, electrification, fuel handling, harbour craft, cruise operations, waterfront use, tourism, environmental quality and public health.

The workshop confirmed that commercial industry stakeholders naturally focus on the first set of questions: fuel availability, retrofit cost, regulatory direction, operational risk and commercial viability. These are the issues that determine whether shipowners and operators will invest. The broader port-city implications are less naturally part of industry discussion, but they remain central to Hong Kong's climate governance challenge.

3. Key Insight Rests on Investment Logic

The main insight from the workshop is that EET adoption depends on practical investment logic. The question for shipowners is not simply whether an EET can reduce emissions in theory. The question is whether the savings are real, attributable, measurable and commercially useful.

Performance varies by vessel design, route, weather, speed, hull condition, crew behaviour, fuel price and operating profile. Without credible baselines and trusted measurement and verification, owners may hesitate to invest, charterers may hesitate

to pay, and financiers may hesitate to support retrofits.

The capex question is central, but it is not the whole story. Shipowners are not rejecting decarbonisation in principle. They are making rational decisions about risk, payback, disruption, operational burden and who captures the benefit. Lower cost measures that can be fitted during dry dock and produce visible savings are easier to justify. Higher capex technologies require much stronger confidence in performance, maintenance, crew use, charterer participation and future regulatory or market value.

The split incentive between owners and charterers remains a major barrier. Owners may bear the cost of retrofit, while charterers may capture fuel savings or regulatory benefits. Unless this is addressed through contract design, pay-as-you-save mechanisms, charterer contributions, adjusted hire, or other cost-benefit sharing models, otherwise technically useful technologies may remain difficult to deploy at scale.

4. Post-workshop Feedback: From Technology Interest to Investable Pathways

Subsequent industry feedback has reinforced the workshop's main message.

Some larger and better-capitalised shipowners are prepared to self-fund EETs where the commercial case is clear. For them, access to capital is not the primary barrier. The issue is whether the technology is proven, operationally suitable and capable of generating a credible return.

Where a technology appears promising but performance, savings or operational reliability remain uncertain, there may be a role for finance or public-private risk-sharing to support pilot projects. In this context, finance is not a substitute for a weak technology. It is a way to de-risk testing, data collection and learning where there is a plausible case.

For smaller and medium-sized shipping companies, the challenge may be different. Even where an EET has a reasonable payback, cash flow, balance sheet capacity and internal technical expertise may be constraints. These companies may need pay-as-you-save models, leasing, performance-based finance, aggregation, or other structures that reduce upfront burden.

Carbon credits have also been raised as a possible incentive. The idea is attractive in principle: if shipowners undertake accredited retrofits or purchase more expensive low-emission fuels, the climate value of those actions could potentially be made financially visible. However, carbon credits are not a simple solution. Questions of additionality, baseline setting, data collection, validation, double counting, buyer demand and liquidity would need to be addressed. Carbon credits should therefore be considered as one possible tool among others, not as the starting assumption.

5. Governance Interpretation Using the 5-Pillar Model

Pillar 1: Direction – From policy intent to market signal

Hong Kong has begun to articulate a clearer maritime decarbonisation direction,

especially through green maritime fuel bunkering, smart port development and the positioning of Hong Kong as an international maritime centre. This direction is important because shipping companies make long-term investment decisions in a highly uncertain international regulatory environment.

However, the workshop suggests that policy direction must be translated into commercially meaningful signals. Shipowners and financiers need to know not only that Hong Kong supports green shipping, but how Hong Kong can help make specific investments more credible, bankable and operationally feasible.

Pillar 2: Leadership – Aligning maritime policy with wider port-city transition

The Transport and Logistics Bureau (TLB) is the natural lead for international shipping, shipowners, maritime services, bunkering and port competitiveness. However, shipping and port decarbonisation also intersect with climate policy, energy, air quality, public health, electricity infrastructure, finance, insurance, standards and harbour use.

This means leadership cannot rest only on one policy domain. TLB leadership is essential, but wider alignment with relevant bureaux, departments and public bodies will be needed if Hong Kong is to connect green shipping with its broader port-city transition.

Pillar 3: Integration – Connecting technology, regulation, contracts and finance

The workshop showed that technology, finance, regulation, contracts and performance information cannot be treated

separately. Adoption of decarbonisation measures depends on whether these elements work together. For example, a technology may be technically viable but commercially unattractive if the owner pays and the charterer benefits. A green fuel may be available but not adopted if the price gap is too large. A retrofit may reduce emissions but fail to attract finance if savings cannot be measured or verified. Integration is therefore not an abstract governance principle. It is the practical condition for implementation.

Pillar 4: Finance and market creation – Making decarbonisation investable

The workshop highlighted that finance and market creation are central to shipping decarbonisation. EETs and green fuels may be technically available, but adoption will depend on whether they can be made commercially investable. This means policy discussion cannot treat finance as a later or separate issue. The transition requires capital, and in some cases the costs may be substantial. Without clear direction, credible incentives and mechanisms to share risk and reward, private sector capex is unlikely to move at the required pace.

For shipowners, the key question is not simply whether an EET reduces emissions, but whether the investment makes commercial sense. Some larger shipowners may self-fund when the business case is clear. However, where savings are uncertain, payback is slow, fuel costs remain high, or operational risks are significant, other tools may be needed. These could include green finance, pay-as-you-save models, charterer-owner cost-benefit sharing, guarantees, concessional finance, insurance products, carbon-credit

mechanisms, port or bunkering incentives, and performance-based rewards.

This is where Hong Kong may have a distinctive role. As an international maritime and financial centre, Hong Kong has strengths in maritime law, finance, insurance, arbitration, ship management, classification, standards, carbon markets and professional services. These strengths could be organised around practical market creation for shipping decarbonisation. The issue is not only how to finance individual technologies, but how to create the commercial architecture that enables investment: trusted contracts, credible verification, risk allocation, incentives, liquidity and buyer confidence.

The workshop therefore suggests that Hong Kong's opportunity lies in helping to make technically credible decarbonisation options financially and commercially actionable. Government direction is important because the market alone may not deliver this transition. Public policy can reduce uncertainty, signal priorities, convene actors, support pilot pathways, and help align private capital with long-term decarbonisation needs.

Pillar 5: Transparency and stakeholder engagement – Building trust, information and collaboration

The workshop also showed that transparency and stakeholder engagement are closely connected. Shipowners, charterers, financiers, insurers, technology providers and carbon market actors all need reliable information before they can act. Data is therefore not only a reporting matter. It is a market-enabling condition.

For EETs, the central questions are practical: what is the baseline performance of the vessel, what savings are achieved after retrofit, who validates those savings, how are operational variables treated, and how can the information be trusted by owners, charterers, financiers or buyers of carbon credits? Without credible data and transparent verification, it will be difficult to support pay-as-you-save models, green finance, insurance products, carbon credits, or owner-charterer benefit-sharing arrangements.

At the same time, transparency alone is insufficient. Shipping decarbonisation requires new ways of doing business, and these cannot be designed by one actor alone. The workshop showed the need for structured engagement among shipowners, charterers, financiers, insurers, classification societies, technology providers, standards bodies, carbon market actors and relevant public bodies. Such engagement is needed to test what works, identify where costs and benefits fall unevenly, and design practical arrangements that can be used in real transactions.

Hong Kong already has strong maritime industry engagement, but the next stage may require more focused collaboration around specific implementation problems. These include vessel route suitability, data and verification, cost-benefit sharing, transition finance, carbon credit eligibility, green fuel adoption and support for smaller and medium-sized shipping companies. The purpose of engagement would not be general consultation, but co-development of credible pathways for investment and implementation.

Seen in this way, Pillar 5 is about creating the trust, information and stakeholder alignment needed for market creation. Data helps actors understand what is real. Engagement helps them develop new arrangements for sharing cost, risk and benefit. Together, they are essential to turning policy direction into practical decarbonisation action.

6. Possible Follow-up

The workshop has generated follow-up reflection among industry participants. One possible next step would be a smaller, closed, practical discussion with interested shipowners, charterers, financiers and other relevant parties.

7. Implications for Hong Kong – From Maritime Ambition to Market Creation

The workshop's main conclusion is that shipping decarbonisation is now an implementation and market creation challenge. Technologies and fuels are evolving, but adoption will depend on whether they can be made trusted, financeable, operable and scalable.

For Hong Kong, the opportunity is to use its maritime, financial and professional services strengths to help build the enabling architecture for this transition. This could include finance, insurance, legal documentation, arbitration, ship management, classification, standards, verification, carbon market expertise and trusted convening.

The governance question is whether Hong Kong can align industry knowledge, policy direction, financial tools, data systems and stakeholder engagement into practical pathways for green shipping. The role of

government would be to provide direction, reduce uncertainty, convene the right actors, and help create the conditions for Hong Kong's maritime and financial sectors to contribute to the wider transition.

Seen in this way, the 20 May workshop clarified the question: how can Hong Kong help make technically credible shipping decarbonisation options commercially investable?