

AMERICAN CHAMBER OF COMMERCE IN HONG KONG

Position Paper

REGIONAL POLLUTION ABATEMENT INITIATIVES

Issue

The Hong Kong SAR and Guangdong Province are intricately linked economically, culturally and environmentally. One of the most visible expressions of the relationship is the declining quality of our shared environment, particularly in the Pearl River Delta where there is a concentration of factories owned or operated by Hong Kong companies. From the standpoint of environmental quality, there is no boundary between Hong Kong and Guangdong; in environmental terms, we share a common airshed and watershed.

Many of Hong Kong's own pollution problems are due to local factors that require urgent and immediate attention, as outlined in AmCham's position paper "Air quality in Hong Kong". Nevertheless, polluting business practices in Guangdong Province also significantly contribute to the worsening regional environment. It is incumbent upon the businesses and governments of both Hong Kong and Guangdong to promote and initiate voluntary as well as official efforts to halt environmental degradation and to improve our shared environment.

Position

Hong Kong, while tackling its own metropolitan pollution issues, should also sponsor and contribute solutions to regional pollution problems, by exploring actions it can take on its own initiative and by helping to accelerate co-operative efforts among private groups and public authorities in Hong Kong, Guangdong and Beijing.

Recommendations

AmCham recommends the following be considered as a matter of urgency in formulating environmental policy in the Pearl River Delta region. Examples of measures that could have immediate and long-term impact, and readily can be done by Hong Kong, include:

- Introduce a voluntary "Green Bauhinia" certification (similar to Germany's "green dot"), for products made in factories owned or operated by Hong Kong companies in Guangdong, so that consumers worldwide would be able to choose products that do not contribute to environmental degradation in the region.
- Encourage Hong Kong-owned, invested or operated companies operating in Guangdong themselves to adopt corporate standards for environmental management systems, such as seeking ISO 14000 certification or implementing other international standards.
- Investigate the feasibility of establishing a pollution-credits trading system covering the Pearl River Delta region, appropriate both to mainland and foreign enterprises. Hong Kong's expertise in setting up exchanges could allow the SAR to take the lead on an innovative and business-oriented, environmental approach that is meeting with success in the United States and elsewhere in the world.

- Explore the development of tax incentives to promote cleaner production, as Hong Kong seeks to expand its tax base.
- Develop financing incentives, such as the establishment of an Environmental Retrofit Fund (ERF) to help Hong Kong companies upgrade the environmental standards of their operations in Guangdong. Contributions to the fund could be structured to facilitate improvements in environmental technology and production methods with financing available from the ERF.

Additional measures, which would require joint action by Hong Kong and Mainland authorities, could include:

- Facilitate regional dialogue – such as through the formation of a Commission on Regional Corporate Responsibility, including business leaders, environmental experts and government representatives from Hong Kong, Guangdong and Beijing – to develop environmental standards based on international best practices and to identify incentives and sanctions for an accelerated timetable of achieving the standards.
- Identify industries where Hong Kong-owned or operated companies' operations in Guangdong – currently outside the scrutiny of Hong Kong's Environmental Protection Department – are contributing to the pollution problem. Consider ways to hold these companies accountable to SAR and Guangdong environmental standards and regulations.

To encourage public debate and dialogue on regional approaches to pollution abatement, the accompanying supplement of companion “green paper” initiatives prepared by AmCham explores these suggestions further.