

Op-ed article

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31 May, 2000

A Green Path to Business Growth for Hong Kong and the Pearl River Delta

Maintaining Hong Kong's status as a regional business hub depends in large part on its quality of life. It is now clear that a deteriorating environment is eroding Hong Kong's edge over competing Asian cities, as evidenced by the fact that last week a study showed Hong Kong as the third most polluted place in Asia.

Air pollution is one obvious negative factor in the quality of life in Hong Kong. Results of the annual *Business Outlook Survey* of the American Chamber of Commerce in Hong Kong show that member companies consider the low quality of the environment to be one of the worst factors of doing business in Hong Kong.

The Hong Kong SAR government recently announced a set of measures to switch to cleaner fuels in an effort to improve air quality. Many of the measures introduced have long been advocated by the Chamber, and others in the community, including: cleaner fuel alternatives to diesel for taxis, minibuses and heavy goods vehicles; an increase in the smoky vehicle penalty; and better government coordination on environmental policy. Other measures under consideration, notably preventing the smuggling of lower-standard fuel from the mainland, banning idling engines, and creating more pedestrian zones, will also go a long way to cleaning our air.

But Hong Kong's pollution problem cannot be addressed in the SAR alone. There is also a need for new and creative approaches to dealing with the regional nature of the environmental pollution problems now facing Hong Kong and the entire Pearl River Delta region. Voluntary and governmental measures taken in or by the Hong Kong community can lead to regional benefits.

Hong Kong investment in Guangdong is substantial, and has been instrumental in transforming Guangdong into a prosperous industrial center. Profits from these investments have also enriched Hong Kong. It is therefore appropriate for Hong Kong, given its special characteristics, to serve as a catalyst in adopting practical measures to benefit its own inhabitants, as well as the population throughout the Pearl River Delta region, and thereby improve the quality of the environment we all share.

In a new Chamber position paper, a range of suggested proposals have been developed by AmCham's Law, Environment and Tax Committees, in an effort to stimulate further discussion in the community and the region. The proposals explore green labeling, pollution-credits trading systems, financial incentives, and mechanisms for multi-stakeholder cooperation between Hong Kong and Guangdong.

The ideas are out there. We now need to take concerted and collaborative action to identify priorities, and take responsibility for the necessary action. But will we succeed? If necessity is the mother of invention, then the prospects for growth in the environment sector are great. Innovation is needed to develop clean technology, promote recycling and other waste management industries, and foster the use of effective environmental – and cost effective – production processes in Hong Kong and the region.

Top level leadership is key. The priority the government now accords environmental issues is a hopeful sign that improvement will soon be evident. The Chief Executive, Secretary for Environment and Food, and all policy secretaries with jurisdiction in environmental policy – such as health, transport, trade and others – must work together. In addition, multi-stakeholder consultation and cooperation is vital. Government, business and the community at large all have a role to play in making policy recommendations, identifying solutions, reaching consensus on priorities and tracking progress in achieving sustainability. Hong Kong's success – and that of the region – depends on it.

[AmCham's position paper and companion document on *Regional Pollution Abatement Initiatives* are available on the website: <http://www.amcham.org.hk>]