

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 which is experiencing unprecedented economic growth. In the area of environmental quality, there is no boundary between Hong Kong and Guangdong as we share a common airshed and watershed.

Many of Hong Kong's pollution problems are due to local factors that require immediate attention, as outlined in AmCham's position paper, "Air Quality in Hong Kong". But pollution originating in Guangdong Province is also a significant contributor to the worsening regional environment. It is encouraging that the governments of both Hong Kong and Guangdong have initiated a joint effort to better understand and take steps to reverse the environmental degradation. It will be vitally important for the Hong Kong business community to support this effort to ensure the development of viable and cost-effective solutions to regional environment problems while maintaining Hong Kong's competitiveness.

Position

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

Recommendations

AmCham recommends the following in formulating environmental policy in the Pearl River Delta region.

- Establish mechanisms for the ongoing collection and verification of accurate, relevant environmental data in both Hong Kong and Guangdong. This will further encourage the development of solutions on a fact-driven, objective basis and ensure that control measures are fully implemented and maintained. We are aware that other groups are actively engaged in this area and could provide a starting point for additional efforts by government agencies.
- Work with the individual affected sectors to establish practicable emissions reduction goals consistent with the April 2002 joint government agreement on aims to reduce emissions. Work towards achieving common emissions standards for power stations, factories, motor vehicles, etc. on both sides of the boundary rather than "equivalent" reductions. For example, common motor gasoline and diesel standards could be adopted for the entire Pearl River Delta area.
- Control outputs, not inputs. Establish clear emissions standards with effective monitoring rather than relying on the prescriptive control of inputs, such as fuel type and quality.

- Actively involve the private sector in discussions on the most efficient way of achieving the targeted reductions, the feasibility and cost of the proposed solutions and the timing required for implementation.
- Recommend the establishment of both formal and informal (joint) public, private and academic cross-boundary working groups to address shared pollution issues.
- Investigate the feasibility of establishing an emission trading scheme for the Pearl River Delta. While establishing, verifying and enforcing emissions allowances or caps will be challenging and must be done in a way to ensure a level playing field. Hong Kong's expertise in setting up exchanges should allow the functioning of an emissions trading system to run smoothly, once established.
- Strongly support the use of best practices and advanced technologies available in the United States and other countries to address regional pollution.
- Encourage Hong Kong-owned, invested or operated companies operating in Guangdong to adopt corporate standards for environmental management systems, such as seeking ISO 14000 certification or implementing other international standards.
- Explore the development of tax incentives to promote "clean" technology. For example, allowing accelerated tax depreciation on pollution abatement equipment.
- Explore mechanisms to support investment in pollution abatement for municipalities or SMEs who are unable to secure funding through traditional financial markets.

October 28, 2002