

**立法會**  
**Legislative Council**

LC Paper No. CB(1)695/04-05  
(These minutes have been  
seen by the Administration)

Ref: CB1/PL/CI/1

**Panel on Commerce and Industry**

**Minutes of meeting**  
**held on Tuesday, 14 December 2004, at 4:30 pm**  
**in Conference Room A of the Legislative Council Building**

**Members present** : Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP (Chairman)  
Hon WONG Ting-kwong, BBS (Deputy Chairman)  
Dr Hon LUI Ming-wah, JP  
Hon CHAN Kam-lam, JP  
Hon SIN Chung-kai, JP  
Hon Vincent FANG Kang, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung

**Member attending** : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP

**Public officers attending** : Agenda Item IV

Mr Roy TANG  
Deputy Secretary for the Environment, Transport and  
Works (Environment) 2

Mr TSE Chin-wan  
Principal Assistant Secretary for the Environment,  
Transport and Works (Environment) 3

Mr SHIU Lik-king  
Assistant Secretary for the Environment, Transport and  
Works (Environment) 3A

Mr Albert TONG  
Environmental Protection Officer(Environment) 3C  
Environmental Protection Department

Agenda Item V

Ms Priscilla TO  
Principal Assistant Secretary for Commerce, Industry  
and Technology (Commerce and Industry)

Mrs Teresa GRANT  
Assistant Director of Intellectual Property (Registration)  
Intellectual Property Department

**Attendance by  
invitation** : Agenda Item IV

Trade Operators/Organizations

Federation of Beauty Industry (HK)

Mr Nelson IP Sai-hung  
Chairman

Ms Juliana YANG Hui-chun  
Vice Chairman

Hong Kong Retail Management Association

Mr Jeff SHAW  
Chairman  
Government Regulations Sub-Committee

Mr Douglas BROWN  
Member

Miss Anita BAGAMAN  
Executive Director

A. S. Watson & Co Ltd – PARKnSHOP

Mr Peter JOHNSTON  
Quality Assurance Manager

Mr Keith BARTLETT  
Business Development Director

Hong Kong Suppliers Association

Mr Albert TANG  
Vice Chairman

Mr Billy HUI  
Committee Member

The Cosmetic & Perfumery Association of Hong Kong Limited

Mr TSUI Kai-hung  
Chairman

Mr LEUNG Chung-leung  
Hon Secretary

Concern Groups

Clear the Air

Ms Annelise CONNELL  
Vice Chairman

Mr George WOO  
Chairman  
Indoor Air Pollution Committee

Consumer Council

Ms Connie LAU Yin-hing  
Acting Chief Executive

Ms Vera TAM  
Chief Research & Trade Practices Officer

**Clerk in attendance :** Miss Polly YEUNG  
Chief Council Secretary (1)3

**Staff in attendance :** Ms Debbie YAU  
Senior Council Secretary (1)1

Miss Edith CHAN  
Council Secretary (1)1

Action

**I. Confirmation of minutes and matters arising**

LC Paper No. CB(1)409/04-05 -- Minutes of meeting held on  
16 November 2004

The minutes of the meeting held on 16 November 2004 were confirmed.

**II. Papers issued since last meeting**

LC Paper No. CB(1)448/04-05 -- Issuance of the consultation  
document on "Review of  
certain provisions of  
Copyright Ordinance"

LC Paper No. CB(1)470/04-05(01) -- Press release on  
"Government endorses new  
strategy of innovation and  
technology" dated 10  
December 2004

2. Members noted that the above papers had been issued for members' information since the last meeting.

**III Date and items for discussion for next meeting**

LC Paper No. CB(1)418/04-05(01) -- List of outstanding items for  
discussion

LC Paper No. CB(1)418/04-05(02) -- List of follow-up actions

3. Members agreed that the following items would be included on the agenda of the next meeting to be held on 18 January 2005 at 2:30 pm:

- (a) Briefing by Secretary for Commerce, Industry and Technology on relevant policy initiatives in the Chief Executive's Policy Address 2005;
- (b) Review of the Innovation and Technology Fund and Applied Research Fund (Item 1 on the "Panel's list of outstanding items for discussion") ; and

- (c) Preliminary assessment of the impact of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) (Item 2 on the "Panel's list of outstanding items for discussion").

4. The Chairman informed members that the Administration had indicated its intention to brief the Panel early on the "Consultation document on review of certain provisions of Copyright Ordinance" issued on 9 December 2004. Given that it was impracticable to deal with all the four proposed items at the January 2005 meeting, the Chairman proposed and members agreed that she would finalize the agenda in consultation with the Administration and the Deputy Chairman, having regard to the urgency and nature of the proposed items.

*(post-meeting note: The agenda of the January 2005 meeting has subsequently been drawn up to include items 3(a), 3(b) and "Consultation document on review of certain provisions of Copyright Ordinance". Members have been notified of the agenda on 16 December 2004 vide LC Paper No. CB(1)508/04-05.)*

#### **IV The proposal to require mandatory registration and labelling of the contents of volatile organic compounds in specified products**

##### Introductory remarks by the Chairman

5. The Chairman explained that the subject matter of this discussion item was under the policy purview of the Environment, Transport and Works Bureau (ETWB). However, at the last Panel meeting held on 16 November 2004, some members conveyed the keen request of the affected trades to present their views to the Panel urgently on the impact of the proposed mandatory registration and labelling of contents of volatile organic compounds (VOC) in selected products on their business operation. After discussion, members agreed in principle that the Panel on Commerce and Industry (CI) would hold a meeting early to discuss with the Administration and hear deputations' views on the impact of the proposed scheme on business operation. Having consulted the Chairman of the Panel on Environmental Affairs (EA), it was agreed that the CI Panel would include this item at the Panel's December meeting and invite members of the EA Panel to take part in the discussion.

6. Referring to Appendix I of the background brief prepared by the Secretariat (LC Paper No. CB(1)417/04-05), the Chairman informed members that the list of VOC-containing consumer products to be regulated under the proposed scheme had been revised and the updated list was in Annex A of the Administration's paper (LC Paper No. CB(1)418/04-05(03)).

##### Presentation by the Administration

LC Paper No. CB(1)418/04-05(03) -- Information paper provided by the Administration

- LC Paper No. CB(1)418/04-05(04) -- Extract of the draft record of proceedings of Council meeting held on 24 November 2004 (Oral Question No.4 raised by Hon Vincent FANG Kang on "Registration and labelling of products containing volatile organic compounds")
- LC Paper No. CB(1)417/04-05 -- Background brief on control of volatile organic compounds prepared by the Secretariat
- LC Paper No. CB(1)262/04-05(01) -- Submission from Hon Vincent FANG Kang tabled at the Panel meeting held on 16 November 2004 (Chinese version only)
- LC Paper No. CB(1)262/04-05(02) -- Consultation paper on a proposed scheme to require mandatory registration and labelling of the contents of volatile organic compounds in specified products
- LC Paper No. CB(1)507/04-05(01) -- Powerpoint presentation material on "The proposal to require mandatory registration and labelling of the contents of volatile organic compounds in specified products" provided by the Administration  
*(tabled and subsequently issued on 15 December 2004)*

7. With the aid of power-point, the Deputy Secretary for the Environment, Transport and Works (Environment)2 (DS/ETW(E)2) briefed members on the background, the content and the way forward on the proposed scheme to require registration and mandatory labelling of the content of volatile organic compounds (VOCs) in paints, printing inks and selected consumer products for sale in Hong Kong as set out in the Administration's paper. In gist, DS/ETW(E)2 said that VOCs were emitted as gases when the aforesaid products were used. VOCs played a significant role in the formation of ozone and respirable suspended particulates (RSPs) in the atmosphere and they endangered health. To improve the air quality of the Pearl River Delta (PRD) region, the Hong Kong Special

Administrative Region Government and the Guangdong Provincial Government (GDPG) had reached a consensus in April 2002 to reduce, inter alia, VOCs by 55% by 2010, using the emission levels at 1997 as a base. According to the Joint Study on PRD Region Air Quality completed in 2002, VOC-containing consumer products were identified as one of the four major emission sources in Hong Kong and contributed to about 24% of the total VOC emissions.

8. DS/ETW(E)2 informed members that under Stage 1 of the proposed scheme, importers or manufacturers of all paints, printing inks and selected consumer products would be required to register with the Environmental Protection Department (EPD) the VOC contents of their products for sale in Hong Kong and submit supporting documents such as testing reports, product information and other data. A registration fee would be charged. The Administration also proposed mandatory labelling of the VOC contents of these products on their containers and/or packaging for retail sales. For monitoring purpose, registrants would be required to submit to EPD the annual local sales amounts of the products in net weight or volume of the products sold. The sales records should be kept for three years to facilitate inspection. DS/ETW(E)2 further said that after reviewing the effectiveness of the Stage 1 programme, the Administration would decide, in consultation with the trade, the way forward for Stage 2, which might include control measures for selected products or processes that emitted VOCs.

9. Members noted that the two-month public consultation on the proposed scheme had ended on 30 November 2004 and that the Administration was studying the views collected in the consultation process.

#### Presentation by the deputations

10. The Chairman welcomed the deputations and invited them to present their views on the proposed scheme.

*Hong Kong Retail Management Association (HKRMA)*  
(LC Paper No. CB(1)418/04-05(06))

11. While supporting in principle the intention of the Government to improve the environment and air quality of the PRD region, Mr Jeff SHAW said that HKRMA did not consider that mandating consumer products to affix labels indicating VOC levels could help solve the problem. HKRMA urged the Government to withdraw the consultation document, address all concerns and introduce another round of consultation. Mr SHAW highlighted HKRMA's key concerns as follows:

- (a) A regulatory impact assessment (RIA) of the proposed scheme should be conducted to fully assess its impact on various trades and industries.

- (b) The Government should provide information on how it concluded that consumer products accounted for 24% of the total VOC emission from major sources. It should also advise on the scope and number of such products.
- (c) The Government should provide clear guidelines on the safety level and testing standards of VOC since the VOC levels in different consumer products varied.
- (d) As there were only two laboratories in Hong Kong which were qualified to test VOC levels in consumer products, it was envisaged that testings would be time consuming and costly.
- (e) Given that Hong Kong was only a very small market, overseas manufacturers of consumer products would unlikely change packaging according to the needs of Hong Kong. Hence, local importers and retailers would have to bear the cost of labelling, which would ultimately be transferred to customers.
- (f) The Administration should ensure consistency in the labelling requirements by different bureaux and departments in order not to confuse consumers.
- (g) Due to the cost implication of the proposed scheme, importers or retailers might avoid importing certain consumer products which safeguarded human health, e.g. insect repellents against Dengue fever. This would also limit consumers' choice and jeopardize the viability of many small and medium enterprises (SMEs).
- (h) The proposed six-month transitional period was far too short for importers and retailers to clear their existing stock before implementing the new scheme.

*A S Watson & Co Ltd – PARKnSHOP (ASW&P)*

12. Mr Peter JOHNSTON said that ASW&P fully supported the views of HKRMA.

*Federation of Beauty Industry (HK) (FBIHK)*  
(LC Paper No. CB(1)418/04-05(05))

13. Mr Nelson IP agreed with the need to improve air quality and protect the environment. He nevertheless expressed FBIHK's objection to and dissatisfaction with the proposed scheme which was considered to be indiscriminate and impracticable. He then highlighted the major views of FBIHK as follows:



- (a) The consultation had not been effectively conducted as many affected trades were unaware of the proposed scheme and were unfamiliar with the concept of VOC.
- (b) According to the Administration, consumer products contributed to about 24% of the total VOC emissions in Hong Kong in 1997. The Administration should update the figure and give an account on its assessment. As FBIHK understood from the Administration that VOC emissions from cosmetics products made up only about 1% of the total VOC emissions in Hong Kong, cosmetics and beauty products should be exempted from the proposed scheme.
- (c) Labelling requirement itself was environmental unfriendly.
- (d) In view of the prolonged testing and registration procedures, importers or retailers of cosmetic products might suffer loss because of the short cycle of these products.
- (e) It was unfair to apply the proposed scheme indiscriminately on a wide array of products ranging from cosmetics to paint since their levels of VOC content varied considerably. The Administration should target at those products with high VOC content.
- (f) SMEs, which played an important role in Hong Kong's economy, would be hard hit if the proposed scheme was implemented.

*Hong Kong Suppliers Association (HKSA)*  
(LC Paper No. CB(1)418/04-05(07))

14. While agreeing with the need to protect the environment, Mr Albert TANG said that the proposed scheme could not help improve air quality. He urged the Administration to hold more discussions with the trades with a view to coming up with a proposal that would strike a balance between environmental protection and business viability. He summarized the views of HKSA below:

- (a) The effectiveness of the labelling requirement in improving air quality was highly questionable. Without adequate consumer education, a product label stating the VOC content level might not be meaningful. ETWB should be asked to quantify the expected improvement if the labelling requirement was imposed. It should be noted that the labelling itself was environmental unfriendly because VOC would be emitted in the process.
- (b) Unlike in California where the government had spent more than ten years working with the related trades in coming up with the present VOC control system on consumer products by stages, the Administration had only conducted a two-month consultation. Many concerns had not been properly addressed, e.g. accuracy of

the 24% contribution of consumer products to the total VOC emission in Hong Kong and the rationale for selecting the VOC-containing consumer products to be regulated, etc.

- (c) HKSA anticipated that certain products with a small turnover would soon be phased out from the Hong Kong market since the profit margin in selling these products could not offset the extra cost of registration, testing and labelling. As a result, consumers would have less choice and SMEs might be forced out of business.

*(post-meeting note: The speaking note of Mr Albert TANG of HKSA tabled at the meeting was subsequently issued to members on 15 December 2004 vide LC Paper No CB(1)507/04-05(03).)*

*The Cosmetic & Perfumery Association of Hong Kong Limited (C&PAHK)*  
(LC Paper No. CB(1)418/04-05(08))

15. Mr LEUNG Chung-leung urged the Government to exclude personal care products from the list of VOC-containing proposed scheme (i.e. items 24 to 29 under the list in Annex A attached to CB(1) 418/04-05(03)). He said that C&PAHK supported the Government's intention to improve the air quality but objected to the implementation of the proposed scheme on a indiscriminate basis. He highlighted the following points:

- (a) While cosmetic products were not a major source of VOC emission, the implementation of the proposed scheme might lead to the collapse of 50% of the SMEs engaged in the cosmetics business because they could not afford the increased operating costs arising from VOC content level testing and labelling for their products. Some 50 000 jobs would also be lost. The proposed scheme would work against the Government's pledge to improve the business environment and employment.
- (b) Given that cosmetic products were one of the most popular items purchased by tourists, the prospect of the tourism industry might be adversely affected since tourists might no longer be attracted to shop in Hong Kong where the proposed scheme would likely bring about higher retail prices and reduce the choice of cosmetic products.
- (c) Cosmetic associations and industries worldwide had pointed out that there was no precedence of mandating VOC content labelling requirement on cosmetic products. They had also commented that the proposed scheme could not achieve the intended objective of improving air quality.
- (d) The Californian experience might not be directly relevant to Hong Kong because in Hong Kong, the major air pollutants came from

PRD Region. It took California more than 40 years to implement measures to improve its air quality in phases. California mainly regulated VOCs emitted from industries and motor vehicles as consumer products contributed to only about 4% of the total VOC emission.

*(post-meeting note: The speaking note of Mr LEUNG Chun-leung of C&PAHK tabled at the meeting was subsequently issued to members on 15 December 2004 vide LC Paper No CB(1)507/04-05(02).)*

*Clear the Air (CTA)*

(LC Paper No CB(1)452/04-05(01))

16. Ms Annelise CONNELL expressed her support for the proposed scheme. She and Mr George WOO outlined the major points in CTA's submission as follows:

- (a) VOC, a toxic gas, was one of the major factors causing air pollution and health problems. Advanced economies such as US, Canada and European countries had been putting more emphasis on dealing with the issue.
- (b) Every trade and industry should take up its responsibility in reducing VOC emission and safeguard people's health. For example, manufacturers and importers should protect their employees in the supply chain as well as consumers from being exposed to high levels of VOC.
- (c) VOC was an undesirable by-product of many widely consumed products marketed as products to improve people's quality of life, e.g. artificial fragrance. The manufacture and use of these products would be reduced if consumers were made aware of their VOC content and the resultant hazard.
- (d) Consumers had the right to know what they were buying. The Right-to-Know Act in North America required the manufacturers to prepare a Material Safety Data Sheet specifying the details of the ingredients, such as VOC content, which might be hazardous to health.

*Consumer Council (CC)*

(LC Paper No. CB(1)418/04-05(09))

17. Ms Connie LAU said that CC fully supported the Government's policy objective of improving the environment and public health through reducing VOC emissions in Hong Kong. She presented the views and suggestions of CC below:

- (a) Regulatory measures, including labelling requirement and VOC content limitation, could be prioritized with regard to their respective share of the total VOC emissions. Regulating products without or with very low VOC contents might not help achieve the Government's objective. Therefore, regulation of consumer products with lower VOC emissions could be implemented at a later stage, subject to the effectiveness of the control measures on products with high VOC contents.
- (b) The success of the proposed scheme hinged on the proper understanding and co-operation of all stakeholders, including manufacturers and consumers. The Administration should enhance consumer education to bring about a change in their purchasing behaviour. It should also work closely with the affected trades to secure their co-operation.
- (c) On the economic effects of the proposed scheme, the cost effectiveness of the regulatory requirement and a competitive market were important safeguards against onerous costs being passed on to consumers.

The Administration's initial responses

18. At the invitation of the Chairman, DS/ETW(E)2 and the Principal Assistant Secretary for the Environment, Transport and Works (Environment)3 made the following points in response to the comments by the deputations:

- (a) The Administration was pleased to note that there was general support from the attending deputations for the Government's policy objective to improve air quality and protect the environment.
- (b) To tackle other major sources of VOC emissions, the Administration had also carried out a series of programmes to reduce pollutant emissions from motor vehicles such as requiring petrol filling stations and petrol delivery vehicles to be equipped with effective vapour recovery systems to reduce petrol vapour emissions during petrol unloading.
- (c) The Administration had followed the usual practice in conducting public consultation on the proposed scheme. ETWB had promulgated the consultation paper on its website and through radio broadcasting. It had met with some 60 representatives from various trades and concern groups during the two-month consultation period and would welcome further views before finalizing the proposals.

- (d) The labelling requirement could enhance consumers' right to know and enable them to make informed purchasing and consumption decisions.
- (e) As indicated by the EU's cosmetics trade associations (appendices 3 and 4 attached to the submission of C&PAHK), product information such as the VOC content was available from the manufacturers. This would facilitate importers in complying with the registration and mandatory labelling requirements.
- (f) The Joint Study on PRD Region Air Quality completed in 2002 had identified four major emission sources which contributed to about 92% of the total VOC emissions in Hong Kong in 1997. Of these, 24% was attributed to VOC-containing consumer products. In deriving the percentage share of VOC-containing consumer products, the Study had taken into account the geographical conditions of Hong Kong, the level of product consumption and the VOC emissions from different sources, etc.
- (g) In California, VOC emissions from the industrial sector and from motor vehicles contributed to about 40% and 48% respectively of its total VOC emissions. Relatively speaking, VOC emissions from these two sources in Hong Kong made up a lower share of the total emissions. This explained why the VOC emissions from consumer products accounted for only 10% of the total VOC emissions in California in 2003 while the corresponding percentage in Hong Kong was 24% in 1997.

#### Discussion with deputations and the Administration

##### *Effectiveness of the proposed scheme*

19. While acknowledging the need to improve air quality, Mr Jeffrey LAM was gravely concerned that the Administration should also consider the adverse impact of the proposed scheme on the operation of the affected trades, in particular SMEs. Believing that only a very small portion (say, less than 10%) of the population in Hong Kong knew about VOC, Mr LAM was doubtful about the effectiveness of mandatory labelling in achieving the objective of reducing regional VOC emissions by 55% by 2010. In fact, those labels affixed on products of small packing such as cosmetics might often be overlooked by consumers. He added that he was not aware of any such mandatory scheme worldwide. Instead, Mr LAM considered that the Administration should encourage or educate manufacturers to produce goods containing low or nil VOC content. Sharing Mr LAM's view, Mr WONG Ting-kwong cautioned against measures that sought to protect the environment but undermined business operations, which would ultimately affect people's livelihood.

20. In response, DS/ETW(E)2 stressed that the Administration was open-minded on options to further improve the proposed scheme so as to enhance its effectiveness and minimize the impact on affected trades. He highlighted the importance to balance the interests of the business community, consumers' rights to know and the need to improve Hong Kong's air quality. He also pointed out that labelling *per se* was one of the educational tools to let the public learn about VOC and its adverse impact. In reply to Mr WONG Ting-kwong's further enquiry, DS/ETW(E)2 advised that the VOC content level for the same category of products might vary significantly between different brands, depending on the dispensing mode.

21. Mrs Selina CHOW remarked that there was no dispute about the policy objective to improve air quality in Hong Kong. However, this should not be taken as a reason to justify the Administration's measures regardless of their impact, including the adverse effect on the business environment. As the Government appeared to be a pioneer in implementing the proposed scheme, she enquired whether the Government had conducted or would conduct a RIA. Mrs CHOW stressed that it was important and necessary to ascertain, inter alia, the total cost to be incurred by registrants in having to comply with the testing, labelling and reporting requirements, the number of qualified laboratories available to conduct product testing, the percentage of imported products being affected, their total market value, etc. She pointed out that in the absence of these data, Members would not be in a position to examine the impact of the proposed scheme on affected trades. This was particularly important when the legislative amendments were submitted for scrutiny.

22. In response, DS/ETW(E)2 said that ETWB had not commissioned a RIA. Nevertheless, he assured members that being the key enforcement agency, EDP had a good grasp of all technical information and data relating to VOC emissions in Hong Kong. There were some 30 laboratories in Hong Kong qualified to conduct product testing on VOC content. The cost of testing for each product was about \$2,000 to \$3,000 but a lower cost might be available for bulk product testing. EDP also accepted testing reports from reputable overseas laboratories.

23. On efforts to tackle air pollution, DS/ETW(E)2 stressed that the Administration was determined to achieve the target agreed with the Guangdong Provincial Government to reduce the regional VOC level by 55% by 2010 on a best endeavour basis. On the effectiveness of the various measures taken out so far, he reported that RSPs and NO<sub>x</sub> levels on the street had been reduced by 13% and 23% respectively in 2003, as compared to those in 1999. The number of smoky vehicles on the road had also been reduced by 75% during the same period. The Administration planned to further control the VOC emission at petrol filling station during vehicle refueling and tighten the emissions standards of motor vehicles in line with EU requirements. On improving cross-boundary air pollution, DS/ETW(E)2 reported that a special panel had been set up to prepare an air quality management plan for the PRD region. Sixteen air quality monitoring stations around the region would start operation in early 2005. So far, only 20% of regional VOC emission had been reduced. In order to achieve

the 55% regional VOC emission reduction target by 2010, DS/ETW(E)2 said that Hong Kong would need to take further action by regulating VOC emissions from other major sources, including consumer products.

24. Mrs Selina CHOW did not subscribe to the explanation of the Administration and reiterated the need for an RIA so as to fully assess the costs of compliance and the impact of the regulatory measures. She was worried that the onerous requirement of the proposed scheme, if implemented, might deter overseas manufacturers from exporting their products to Hong Kong. Being primarily an importer of consumer products, Hong Kong had to rely on overseas exporters to provide the requisite information on VOC content. Failure of overseas exporters to provide such information might result in certain products not being able to be sold in Hong Kong. Mrs CHOW pointed out that consumers' product choice might be reduced as a result.

25. On product choice, DS/ETW(E)2 pointed out that in practice, a wide range of consumer products were being exported to jurisdictions which exercised stringent control on VOC emissions. These products would likely comply with the requirements under the proposed scheme if they were imported into Hong Kong. Hence, it was unlikely that Hong Kong consumers would be deprived of adequate product choice. As regards the availability of information on VOC content, DS/ETW(E)2 recapped that as the overseas cosmetics trade associations had indicated in their submissions, the manufacturers concerned should already have detailed information on the composition of the products, including the VOC content. He therefore did not envisage great difficulty in complying with the labelling requirement.

26. Mr LEUNG Chung-leung of C&PAHK doubted whether cosmetic manufacturers would release product information to local importers because some of the information might be commercially sensitive. As he understood, the quoted cost of about \$2,000 to \$3,000 referred to the testing cost per ingredient in each product. As such, he cautioned that a small company importing about 500 products for local sale would need to pay an enormous cost for product testing.

27. Members noted that in her reply to the oral question raised by Hon Vincent FANG at the Council meeting on 24 November 2004, the Secretary for Environment, Transport and Works had pointed out that consumer products accounted for 24% of the total VOC emissions in Hong Kong, of which only 5% was attributed to cosmetic products. Given such a low percentage, Mrs Selina CHOW considered it not worthwhile to pursue the proposed scheme to target at cosmetic products in view of the adverse impact on the operation of the trade.

28. Citing the experience of the Guangdong Province which attempted to reduce VOC emission by way of regulating electricity generation and cement production, Mr Vincent FANG urged the Administration to formulate genuinely effective VOC-reducing measures that could benefit the public and cause least disruption to the business sector, such as targeting regulatory measures at

products of high VOC emissions. He also considered it important to provide proper consumer education as he believed that the public at large might not have knowledge on the concept of VOC. Hence, a product label indicating its VOC content level might be of little use or interest to the purchasers. Referring to the regulatory practice in California which would not allow the sale of any consumer products containing VOCs in excess of the specified limits, Mr FANG considered that it was not appropriate for Hong Kong to follow suit at this stage.

29. Mr SIN Chung-kai considered that EU countries usually adopted higher environmental standards than the USA. He therefore suggested that the Administration should make reference to the practices of these countries in controlling VOC emissions from consumer products.

30. In this connection, DS/ETW(E)2 remarked that some of the suggestions and views raised by deputations and members were those contemplated by the Administration for Stage 2 of the programme to further reduce VOC emissions, such as measures to control the VOC contents of specified types of products or to discourage the use of certain products with higher VOC contents. While it was the Administration's plan to adopt a two-stage approach, it could consider proceeding to Stage 2 directly, if members and the community considered it justified and appropriate.

#### *Consultation*

31. Having regard to the views expressed by deputations, members were generally concerned about the adequacy of consultation conducted by the Administration and whether the concerns of the affected trades had been satisfactorily addressed. In response, DS/ETW(E)2 recapped that the Administration had solicited public views through various channels in the course of the consultation exercise. It would maintain on-going discussion with the stakeholders with a view to formulating options that could improve the effectiveness of the proposed scheme and minimize the impact on the affected trades. The Administration would also brief the EA Panel on the outcome of consultation.

32. Mr Jeffrey LAM urged the Administration to step up communication with the affected trades. Mrs Selina CHOW pointed out that the Administration should not tackle the problem from the single perspective of environmental protection and overlook the implications of the proposed scheme on other sectors of the society. She urged the Administration to adopt a wider perspective and give serious consideration to the views expressed by the affected trades.

33. Sharing the members' view, the Chairman recapped the grave concerns expressed by the deputations on the proposed scheme and urged the Administration to conduct fruitful exchanges with the affected trades.



*Way forward*

Admin

34. Summing up, the Chairman requested the Administration to provide a detailed written response to the views expressed by deputations and members, including the suggestion of conducting a RIA on the proposed scheme. The Chairman also invited the Administration to brief Members on further progress in due course.

**V Proposed amendments to the Trade Marks Ordinance**

LC Paper No. CB(1)418/04-05(10) -- Information paper provided by the Administration

35. At the invitation of the Chairman, the Principal Assistant Secretary for Commerce, Industry and Technology (Commerce and Industry) briefly introduced the Administration's proposal to introduce technical amendments to clarify two provisions in the Trade Marks Ordinance (Cap 559)) (the TMO). She said that the Administration had consulted the relevant legal and intellectual property associations, and that the intellectual property practitioners of the Law Society welcomed the proposed amendments. She informed members that the proposed amendments would be included in a Statute Law (Miscellaneous Provisions) Bill which would be introduced into the Council within the current legislative session.

36. The Panel took note of the Administration's proposed amendments to the TMO.

**VI Any other business**

37. There being no other business, the meeting ended at 6:30 pm