

**Submission by The British Chamber of Commerce in Hong Kong,
Legco EA Panel on Discussion on the Environmental Impacts Arising
from the Proposed Construction of a Liquefied Natural Gas
Receiving Terminal at South Soko Island**

The British Chamber is one of Hong Kong's largest international business organisations, comprising major multinational companies and institutions, as well as a substantial number of SMEs. The Chamber represents a broad spectrum of British, Hong Kong, international and Chinese companies. Collectively, this membership makes a significant contribution to the Hong Kong economy and our members employ approximately 10% of the Hong Kong workforce. Thus, the Chamber constitutes a significant and representative cross-section of business opinion in the SAR.

Our over 1,000 member companies feel strongly that Hong Kong is our home and that a world-class environment is essential for a successful international business centre and in the interests of the health and welfare of our community as a whole.

In our recent, July 2007, submission to the Chief Executive, the British Chamber of Commerce considers the issue of air quality in Hong Kong to be a major priority and understands that the Liquefied Natural Gas (LNG) Receiving Terminal project will provide a significant contribution to the reduction of local, Hong Kong, emissions, as it comprises the cleanest form of fossil fuel available today.

The Chamber understands that this LNG project will allow CLP to increase their natural gas burning from 33% to 50% and to reduce the amount of coal that is used in their Hong Kong power generation concomitantly, and this must be both warmly welcomed and expedited. It should be noted that local air quality activists have long demanded this “more gas and less coal burn”. However, the Chamber regrets that much of the media coverage and green group activism conveniently ignores the crucial air quality benefits of this project, preferring to focus on poorly reasoned emotive and Not in My Back Yard (NIMBY) issues, without technical foundation.

In terms of the Environmental Impact Assessment for the Liquefied Natural Gas Receiving Terminal, the Chamber sees it as founded on solid science, a huge amount of field survey and intricate, complex technical analysis. Review of the project website also indicates that CLP has

conducted a similarly extensive, transparent, public consultation exercise to seek feedback and inform a wide spectrum of parties on the LNG project, and both have set new benchmarks for future projects to follow.

The Chamber appreciates that the consideration of numerous site options outside Hong Kong has been well scrutinised and documented. The Chamber similarly considers that the possible sites within Hong Kong have been robustly assessed. The Chamber also wishes to acknowledge that this EIA report then actively considers not one but two sites for full environmental and risk assessment, a first for Hong Kong. The EIA then describes the extensive mitigation and environmental monitoring and audit 'checks and balances' that will be conducted to ensure that the project minimises environmental impact both during construction and operation of the LNG terminal.

The Chamber also applauds the proponent's offer of seed funding of two large marine parks in the vicinity of the preferred terminal site, that have long been demanded by green groups but Government has not been able to advance up to this point.

Since 2005, it is quite clear that there has been much uniformed debate that has not been based on fact and has rather been based on public perception and a distorted reality of the LNG project. There is also a growing danger that this important air quality improvement project, in which Hong Kong can tackle a major component of its own locally produced pollution, has become increasingly politicized by non-technical debate.

The bottom line is that Hong Kong's air quality is a major problem and priority for not only our nearly 7 million residents but also for the millions of tourists and business visitors that arrive each year. Thus, the central issue, which must be addressed, is whether this project will, based on a realistic evaluation, deliver significant air quality benefit without undermining Hong Kong's natural resources. It is the Chambers' view that this is very clearly so and shows that the South Soko LNG terminal should be given a prompt go-ahead, and that this project's implementation should be accelerated both by the Government and the client to deliver the significant air quality benefits that the community has been demanding, as soon as possible.

The Chamber welcomes the LNG EIA approval by the Environmental Protection Department on 3rd April 2007, following its endorsement by the Advisory Council on the Environment in March 2007. However, now

over three and a half months later the Chamber is frustrated that this important beneficial air quality project has still not been given the full go-ahead by Government. The Chamber trusts that this delay is not linked with the ongoing review of the present Scheme of Control discussions by the administration, which would also appear to have been significantly delayed, or by more recent policy portfolio reshuffles.

In conclusion, the Chamber fully supports the LNG terminal project and commends the Chief Executive to give this project an immediate go-ahead. As one of Hong Kong's largest international business organisations, we would also request the Chief Executive to expedite conclusion of the Scheme of Control discussions, without any further delay, to allow future operational clarity for both power companies and to allow environmental improvements, such as flue gas desulphurisation and nitrogen removal from residual coal emissions to be realised, for the benefit of everyone in Hong Kong.

The British Chamber of Commerce in Hong Kong
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