

**Subcommittee on
Air Pollution Control (Volatile Organic Compounds)
(Amendment) Regulation 2009**

Submission by Service Managers Association

23 June 2009

Service Managers Association (SMA) is an automobile repairers association, with membership exclusively for franchised vehicle distributors in Hong Kong. We have currently 19 members which represent nearly all major local franchised distributors.

Our Objection to the Consultation Section in the LegCo Brief prepared by EPD in May 2009

We have objection to the content shown in Item 17 under the heading Consultation at page 4 of the captioned Brief. Item 17 is quoted herewith for readers' easy reference:

Quote:

17)

In May 2008, the Administration consulted the relevant trades and stakeholders, including professional bodies, manufacturers, suppliers, major users and utility companies on the proposal, and held a number of in-depth discussions with them subsequently so that the final proposal and implementation plan is most practicable and acceptable by the trades. The current proposal as reflected in the Amendment Regulation has already taken into account their views, in particular on the applicable VOC content limits and the effective dates. The importers and manufacturers should therefore be able to comply with the proposal.

Unquote:

We consider that the above paragraph does not give a fair description on the issue. We believe that there were no in-depth discussions in 2008 on the issue, including the subsequent consequences and the adaption of control on VOC content limits in accordance with California Air Resources Board (CARB) standard.

By invitation of EPD, we attended the Task Force meetings held on 16-Jan-09 and 26-May-09, which we considered as remedial action to the weak communication between EPD and the industry on the proposal. At the meetings, we re-emphasized our objection to the enforcement of the proposed regulation and voiced out the critical issues that needed to be resolved. (*Meeting minutes of 16-Jan-09 & 26-May-09 attached as Appendix 1 & 2*). In fact upon our request, we shall meet EPD again around 23-Jun-09 to further discuss on this subject.

Implication to the Industry

1. Technical Difficulties and Substantial Rise in Cost

We all know that vehicles in HK are manufactured or imported mainly from Europe and Japan. There are in fact great technical difficulties and critical colour matching problems as mainly US manufactured paint can be used (which will likely be the case on the implementation of the ruling). Furthermore, other than problems from the supply side being anticipated, should we consider that at this competitive time where global sourcing is a must for survival, the above arrangement is logistically and economically not acceptable.

It is important to note the complexity of sourcing from a single country, fuelled by the proposed VOC limits being unique in Asia. Extra costing, problems to maintain continuity in the supply chain, loss in competitiveness to neighbouring repair centres, inevitable closing down of some repair shops leading to increase in jobless count are only some the issues needed to be addressed.

Recommendation by SMA

1. Adapting to an International Standard

SMA always bears in mind its social responsibility towards a better environment for Hong Kong. Though we know that the automobile refinish repair industry is comparatively a very small contributor to the local air pollution problem, we always cope with the Administration's request or ruling towards a better environment. However, most of our members have reservation on the conversion from solvent-born to water-born paint which will incur a lot of experimental work

and uncertain amount of additional capital and operating cost. A more in-depth review on the whole process is definitely needed. In case if water-born paint has to be used, we consider that adapting to the European Union (EU) or other international standards would likely be a more practical choice; though a lot of extra work and cost will still be incurred, the conversion is likely achievable and being a more practical solution.

2. Executing Control and Enforcement

Despite the control at importation by the Customs and Excise Department, we suggest to set up an enforcement section in the Environmental Protection Department concurrent with the implementation of the new ruling. We consider that it is the only way to ensure that the new ruling will be followed by the industry.

3. Implementation Date

We expect that unless all essential issues faced by the trade have been envisaged, the implementation date should be deferred to a more appropriate time.

S W Wong
Chairman
Service Managers Association

**Taskforce on Control of VOC Products -
Vehicle Refinishing Paints
Notes of Meeting**

Date: 16 January 2009 (Friday)
Time: 9.30 a.m.
Venue: Conference Room, 33/F, Revenue Tower, Gloucester Road, Wanchai

Present:

Mr. SW PANG	EPD
Mr. Joe FONG	EPD
Mr. Allan WONG	EPD
Mr. Arnold KWOK	EPD
Ms. Vivian WONG	EPD
Ms. Maggie TSE	EPD
Mr. Eric TAM	Service Managers Association
Mr. Eric CHUNG	Service Managers Association
Mr. John YAU	Service Managers Association
Mr. CK WONG	Automobile Industry Training Centre, VTC
Mr. Casey LEE	HK IVE – Lee Wai Lee
Mr. Grant CHAU	Hong Kong Productivity Council
Mr. Albert CHAN	Color Master Ltd.
Mr. Fox FOK	PPG Industries International, Inc.
Mr. Adrian LI	PPG Industries International, Inc.
Mr. KM YAU	Tai Lee Hong HK Trading Co.

Action

1. Mr. SW PANG welcomed members to the meeting and thanked their enthusiasm in giving contributions to the Taskforce.

Briefing on the progress and plan of introducing control on VOC products

2. Mr. Joe FONG briefed members the requirements of the proposed control on VOC contents of vehicle refinishing paints. He told that the plan was to introduce the amendment regulation into the LegCo by mid 2009 to effect the control. He also introduced EPD's plan to facilitate compliance, which included holding a demonstration seminar on application of low VOC vehicle refinishing paints in February 2009, and issuance of leaflets to the trades.

Confirmation of the terms of reference of the Task Force

3. The Terms of Reference for the Taskforce, which was "To facilitate smooth transition to using vehicle refinishing paints that comply with the proposed regulatory VOC content limits", was endorsed as no comments were raised at the meeting.

Readiness for compliance – product supply and application

4. Members unanimously supported the environmental initiatives in adopting the use of less VOC-containing products for vehicle refinishing operations.
5. Mr. SW PANG invited members to express views on ways to facilitate compliance with the impending control requirements by the trades.
6. Mr. John YAU opined that extra investment on equipment and materials would be required by bodyshops in order to use paints meeting the new standards. The standards adopted by CARB might not be applicable to HK situation, given the uniqueness of these two places and cross-the-board imposition of CARB standards not being practised among other States in the US.
7. Mr. Albert CHAN anticipated operational problems with switching from solvent based paints to water-based paints as existing local products in use were of solvent based which were largely imported from Europe. The changes might involve adjustment to the spraying techniques and costs for equipment modifications. He opined that small-scale bodyshops might not be acclimatized themselves so swiftly to the changes as those medium to large franchised bodyshops having adequate funding for improving facilities. He also pointed out that the use of exempt compounds solvents might not do good to the environment in comparison with the control regime practised in EU. In addition, preceding approval of the paint system by EU car manufacturers might have implications on warranty with the use of paints conforming to US standards.
8. Mr. Fox FOK suggested EPD might consider further postpone the implementation date for allowing more time for sorting out the logistics to import paints from the US, given the European products were being widely used in Asian countries. Nevertheless, he said that PPG had already developed and got in-place a full range of compliant products to the local market.
9. Mr. SW PANG collectively responded that the CARB's VOC standards were

- more stringent than that of EU's, and to alleviate Hong Kong's smog problem, we needed to adopt the most stringent standards adopted by California which had been faced and effectively dealt with similar smog problems. The use of exempt compounds was acceptable as they were either not or significantly less reactive in formation of smog, as shown clearly by the experience of the California. On the supply side, major suppliers did formulate and develop low-VOC compliant products for sale. Technically, based on field experience, there should not be much of a problem for the applicators to master the required techniques in order to attain comparable performance as those offered by conventional paints. In fact, the paint system itself should not be hindered by the adoption of standards. Hence, smooth transition to the compliant products should be achievable.
10. Mr. Joe FONG enlightened that the transition should involve adjustment of spraying techniques. Recent visits to franchised workshops revealed that the facilities could slightly be upgraded to cater for switching to using compliant products with minor modifications, such as change of spraying gun nozzle, installation of blowers and heating coils in the spraying booths. The applicators also felt confidence with the alteration. Successful trial spray had also been conducted with water-based paints in VTC training centre.
 11. Vivian WONG gave views that reduction of ozone and smog problems could be warranted, the main purpose of controlling the VOC content of these products, with the use of exempt compounds although the respective contents were not to be entered into the calculation because the reactivity of these exempt compounds to form ozone/smog was insignificant. Ms. Wong also clarified that there were more than 40 exempt compounds as listed in the proposal of the control.
 12. Mr. John YAU suggested that EPD might initially adopt the use of EU standards followed by the more stringent US Standards at maturity later on.
 13. Albert CHAN further purported that experiment was conducted to compare EU and CARB standards and he would ask Du Pont to provide the information in a week's time as requested by the Chairman. Nevertheless, he advised that his company would still be able to import compliance products meeting both sets of standards.
[PMN: Albert CHAN advised after the deadline that he was not able to obtain the information from Du Pont for reference by the Taskforce.] Albert
CHAN
 14. Mr. Eric TAM expressed that SMA was keen to co-operate with EPD for implementing control measures. He however wondered if EPD could adopt other standards instead of CARB's to allow more flexibility similar to the control of vehicle emission standards adopted by EPD. Also, he suggested enforcement was needed to deter illegal import so that the new control would not just penalize large companies complying with the new requirements.
 15. Mr. Casey LEE shared the same views and further mentioned that the newly amended regulation might deal a blow to those small-scale car body refinishing shops, fearing that while the cost difference in using traditional solvent base paint and waterborne paint became substantial, someone might risk smuggling solvent base paints from China for local use.
 16. In response to these comments, Mr. SW PANG clarified again the rationale to adopt the most stringent standard that had been used by CARB, which was to have

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improvement in our air quality as soon as possible, as well as to achieve the 55% reduction of VOC emission as compared with the emission level in 1997 as agreed with the Guangdong Government. He said that EPD had already set up a dedicated enforcement team to look after controlling issues and would take appropriate enforcement actions to deter illegal import.

- (17. Mr. Eric CHUNG & Mr. John YAU opined that, while the vast majority of passenger / commercial cars in HK rarely imported from the US, different operating conditions for refinishing as colour coding, use of water-based paints etc., might not be readily picked up by the trade.
18. Mr. KM YAU said that most of their products were imported from EU. Use of waterbased paint might inevitably push up the selling price
19. Mr. Joe FONG responded that the compliant paint products would be compatible with whichever types of paints originally installed on car body. Adjustment could be made possible to match the original colour with the existing paint supply.
20. Mr. Casey LEE believed that the CARB standard might be more stringent in terms of adopting stricter VOC limits, but doubted if the difference would be significant that warranted adoption of the CARB standard. He suggested EPD or members to put forward comparison in effective VOC between the Euro and CARB standard.
21. Mr. Fox FOK advised that he had already done some preparation for the comparison and presented the figures to the meeting. He further reiterated that they had a full range of compliant products available against the newly regulated product list.
22. Mr. Allan WONG added that the types of applicable products currently used in the local car refinishing industry might just confine to a few against the regulated product category shown on the list which should cover full varieties in use worldwide. The suppliers should check the exact applicable types of compliant products for introduction into the local market for sale.
23. Mr. SW PANG confirmed that based on the comparison made by EPD as well as that provided by Mr. FOK, the CARB standards were more stringent than that of EU. He added that the well-established CARB Standards would give warranted effects in terms of emission reduction with proven scientific support. The smooth transition for achieving target should be made possible with co-operation from all parties.
24. Mr. CK WONG expressed that technical skills could easily be refined to achieve the performance standards as long as upgrading of equipment and assurance for good supply of compliant products were geared up.

Work plan for facilitating compliance

25. Mr. Joe FONG told that a demonstration workshop on application of low-VOC vehicle refinishing paints would be held on 19 February 2009, with the kind assistance of VTC for conducting spraying demo to the attendees. He also requested paint suppliers to help disseminate the information and enrollment leaflets at their retail outlets so as to arouse clients to attend the workshop. He added that more workshops and demonstrations would be arranged to help

Members

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workers and body shops to adapt to the new products. EPD would also publish leaflets and posters to promote the use of green products.

26. Mr. PANG called for members to help obtain additional product information and confirmation for availability of compliant products from their respective suppliers or overseas manufacturers.
27. There being no other business, the meeting was adjourned at 11.50 a.m.

**Taskforce on Control of VOC Products -
Vehicle Refinishing Paints
Notes of 2nd Meeting**

Date: 26 May 2009 (Tue)
Time: 2.30 p.m.
Venue: Conference Room, 33/F, Revenue Tower, Gloucester Road, Wanchai

Present:

Mr. SW PANG	EPD
Mr. Joe FONG	EPD
Mr. Allan WONG	EPD
Ms. Vivian WONG	EPD
Mr. Arnold KWOK	EPD
Mr. SW WONG	Service Managers Association (SMA)
Mr. Eric TAM	SMA
Mr. Ponthey YIP	SMA
Mr. John YAU	SMA
Mr. YK WONG	HK Vehicle Repair Merchants Association (HKRMA)
Mr. FS CHAN	HKRMA
Mr. KM LIU	HKRMA
Mr. CM LAW	HKRMA
Mr. HC LAM	HK Environmental Vehicle Repair Association (HKEVRA)
Mr. Fox FOK	PPG Industries International, Inc. (PPG)
Mr. Albert CHAN	Color Master Ltd.
Mr. Andrew KOH	BASF
Mr. KK YEUNG	BASF
Mr. Jacky YEUNG	BASF
Mr. Ben KONG	Akzo Nobel
Mr. WY CHAN	Akzo Nobel
Mr. YZ LUK	Akzo Nobel
Mr. KM YAU	Tai Lee Hong HK Trading Co.
Mr. CK WONG	Automobile Industry Training Centre, VTC
Mr. Casey LEE	HK IVE – Lee Wai Lee

Action

1. Mr. SW PANG welcomed members to attend the second meeting of the Taskforce and thanked for their enthusiastic support in improving environment.

Confirmation of the notes of last meeting

2. The Notes of first meeting of the Taskforce was confirmed with no amendment.

Reporting on the progress of introducing control on VOC contents of vehicle refinishing paints

3. Mr. SW PANG briefed members that EPD had completed drafting of the amendment regulation and had informed the trades of the plan to gazette the amendment regulation in the 2nd week of May, 2009. He told that EPD had, after further consultation with the concerned parties, relaxed in the amendment regulation the VOC content limit for clear coats from 250 g/L to 420 g/L in light of difficulties raised by the trades, and the amendment regulation was gazetted on 22 May 2009. He thanked the support of the trade on this matter.
4. Mr. Joe FONG informed that, since the last Taskforce meeting, EPD had visited auto spraying bodyshops, and noted that the operators were aware of the impending control on VOC content of vehicle refinishing paints and were planning to upgrade their facilities or conduct trial use of waterbased paints. He also had meetings with paint suppliers and noted that some paint suppliers had been offering training on use of waterbased paints to their clients in their centers in the mainland, and one supplier had indicated it would help them to prepare budget application for training their clients if the VOC content control on vehicle refinishing paints was confirmed by gazettal of the amendment regulation. This had prompted EPD to gazette the amendment regulation as soon as possible so that the trade could plan early to comply with the control.
5. Mr. Joe FONG further advised that, in view of concerns from the vehicle repair trade on the need to familiarize their paint spraying operatives in using waterbased paints, and as promised at the meeting with HK Environmental Vehicle Repair Association and HK Vehicle Repair Merchants Association in April 2009, EPD had issued tender for conducting a series of competent workshops on application of waterbased vehicle refinishing paints targeted primarily for spraying operatives from small and medium bodyshops. EPD would inform the members of the schedules of the workshops and invite participation by the bodyshops when the contract was awarded.

EPD

Compliance status from the product suppliers

6. Mr. Joe FONG advised that emails had been sent to major suppliers seeking their feedback for listing of their potential compliant product items against the various regulated categories, but only two returns were received so far. Knowing that compliant products currently globally available, suppliers were urged to actively source their products compliant to the future requirements.
7. Mr. Fox FOK of PPG; Mr. Albert CHAN of Colour Master and Mr. Ben KONG of Akzo Nobel concurrently confirmed that their parent companies would have formulated and manufactured the compliant products for sale in the overseas markets, particularly in the US.

Suppliers

Work plan for facilitating compliance

8. In order to facilitate active preparation by the concerned parties to comply with the requirements of the amendment regulation with the effective date for VOC content limit of 1 October 2010 set out in the amendment regulation gazetted on 22 May 2009 as the target, Mr. Joe FONG proposed a work plan for members to work with. He told that EPD would work closely with the trades in implementing the plan to understand if there were genuine difficulties in sourcing and application of compliant paints, and both EPD and the trades would review the situation and the problems encountered and then work together to find out solutions before 1 October 2010. The proposed work plan was as follows:-

Members

Vehicle paint suppliers:

- provide EPD their list of compliant products intended for import by end July, 2009;
- provide EPD a programme or plan on trial use of compliant paints with their clients by end July, 2009.

SMA Members:

- prepare plans and programme by end July, 2009 for
 - trial use of compliant paints;
 - retrofit of painting facilities;
 - training of operatives;
 - arrangement for getting warranty from car manufacturers for the new paint systems used, where applicable.

EPD:

- organize a demo seminar on application of compliant paints for the trade in June/July 2009;
- issue a general guide on requirements for spraying booth for reference of small body shops by end Sept 2009;
- issue pamphlets on use of compliant paints by Oct 2009.
- work closely with the trades in the meantime to understand their progress and difficulties;
- issue tender for organizing competency workshops for vehicle refinishing operatives in June 2009.

9. Mr. SW PANG added that the proposed work plan would help kick off the active preparation and cooperation among the trades and EPD in the 15 months before the effective date of VOC content control for complying with the new requirement and finding of solutions to any genuine problems encountered in the period. He then invited members to give opinions and suggestions on planning forward for the smooth transition.
10. Mr. YK WONG expressed that the small-scale bodyshops would be most affected by the new requirements in view of the anticipated operational problems, such as small bodyshops would not have space needed to accommodate spraying booth needed for spraying waterbased paints; and could not afford investment for upgrading existing spraying booths and training of operatives.
11. Mr. SW PANG responded that EPD was arranging competency workshops on

upgrading of skills in using waterbased compliant products in order to help operatives from small bodyshops in familiarizing with use of compliant paints. He opined that investment for modifying existing spraying booths should be one-off and should not have great impact to the trade.

12. Mr. Albert CHAN expressed his views that the trade had inadequate understanding about using waterbased paints, fearing that spraying work would have to be temporarily ceased in days of high humidity. He however noted that it was fully understood that new technology would rapidly emerge to improve paint performance especially in humid environment. He opined that though the VOC control strategy of CARB should be highly appreciated aiming for improving the air quality, the impending control might affect the livelihood of some small-scale bodyshop operators.
13. Mr. John YAU advised that even the franchised bodyshops did require to renew the facilities, such as spraying guns and spraybooths. The service centre of Crown Motors had arranged for trial runs in using waterbased paints, but he doubted whether the suppliers could promptly supply the compliant products for continual use. Furthermore, the paint spraying operatives might face certain operational problems such as adjustments to spraying techniques, colour matching, etc.
14. Mr. Albert CHAN further added that there might be difficulties in the logistics for supply of waterbased paints given the short shelf-life property of waterbased paints and special care arrangements were necessary for shipping and storage under very cold climate conditions, though he anticipated that such difficulties might be overcome ultimately with the rapid advance of technology. As most of the existing products being on sale in the local market were shipped from Europe, he had to wait for quotations from his counterpart US suppliers before he could fix the price for compliant products. He would hope that the trades could ride out the difficulties in using waterbased paints and strive to minimize the price increase, though the portion of additional paint cost to be incurred would inevitably be passed onto the consumers. He also explained that a paint system would essentially comprise primer, basecoat, and clear coat that had to be approved by the car manufacturers despite acceptable compatibility among different brands of products. Though he appreciated EPD's recent relaxation on VOC content for clear coats so that he could ship in compliant basecoat and clear coat from Europe, the retention of VOC limit for primers would require sourcing of primers from the US which would cause logistic and possible compatibility problem.
15. Mr. Fox FOK also appreciated the latest change in VOC content limit for clear coats which helped the suppliers a lot in sourcing compliant products. He advised that PPG had full range of compliant products and he had already shipped in some products for trial. He however suggested if it would be possible to postpone the implementation date and relax the prescribed limit for primer as well. Mr. Ben KONG shared his views.
16. Mr. SW PANG responded that it would be necessary to adopt the more stringent VOC standards of CARB that would effectively help alleviate the Hong Kong's severe smog problem, given the resemblance of air quality problems faced in these two places. Also, primers meeting the proposed VOC limit had been used in California for more than 10 years and therefore sourcing compliant products should not be a problem. He added that the implementation date of 1 October 2010 would

also be appropriate as there would be a need to implement the control in time to meet the 2010 emission reduction target agreed with the Guangdong Provincial Government in combating the air pollution and that there would be adequate time to enable smooth transition in time should the preparation be made as early as possible. He said that there would be a need for proper balance between the likely increased costs and air quality improvement.

17. Mr. Eric TAM opined that it was too rush to implement the amendment regulation and it seemed to him that SMA was not aware of EPD's consultation. He also suggested postponing the implementation date and asked EPD to consider other international standards instead of solely adhering to CARB's to allow more flexibility similar to the tactic for control of vehicle engine emission standards. He suggested an effectual enforcement measure be in place to deter illegal import of non-compliant paints which might be used by bodyshops in the streets making the large companies invested to comply the new requirements not that competitive in providing refinishing services. In response, Mr. Joe FONG said that EPD had issued consultation document to SMA addressed for attention of Yardway motors in last October but did not receive any response. Nevertheless, EPD had invited SMA to join the Taskforce and EPD had visited individual franchised bodyshops managed by members of SMA. It was noted that franchised bodyshops visited were aware of the impending control and were planning to meet the new requirements.
18. Mr. Albert CHAN said using waterbased paint would result in saving in paint consumption in addition to emitting less VOC, as one or two layers of waterbased paint would be needed to achieve the same effect instead of several layers required when using solvent based paints. The drawback was, however, in case that the applicators failing to accomplish the work in one go, stripping and repetitive spraying would then cause wastage. Hence successful mastering of the techniques and experience would be of paramount importance. Mr. John YAU added that the spraying techniques and products for waterbased paints were different from that required for solvent borne paints.
19. Mr. SW PANG responded EPD did recognise, with the introduction of waterbased paints, different types of products and spraying techniques would be employed to attain the comparable performance, and so EPD had initiated a series of competency workshops for familiarizing the operatives in using waterbased paints and would work with the trade to tackle operational problems that might arise after implementation of the work plans.
20. Mr. Albert CHAN further queried the use of exempt solvents which were not to be counted as a portion in calculating the VOC contents, saying that VOCs were still emitted even though adopting exempt compounds as solvents for mixing. In response, Mr. SW PANG explained that only those compounds with no or very low reactivity in smog formation would be exempted by CARB and the use of exempt compounds would be acceptable and effective in giving the trade greater flexibility in meeting the control requirement without adverse impact on air quality improvement..
21. Mr. KK YEUNG enquired if bus companies were consulted about the new control. In response, Mr. Joe FONG said that EPD had visited bus companies and had discussions with them to enable their understanding about the control requirements. It was noted that bus companies did not have problems in preparing for compliance.

22. Mr. KM LIU worried about the spraying performance in view of the insufficient trial runs and current supply status of paints. Also, Mr. Lam Hing Cheong expressed that both hardware and software for attaining the desired performance were equally important. He understood that VTC could be able to provide training service to the paint operators. However, it seemed to him that paint suppliers were not yet ready to have prompt supply of compliant products. Besides, most of the small auto bodyshops currently in operation did not equip with spraybooths. Mr. SW PANG agreed that we had to take the step forward for trial use with the collaboration among all stakeholders.
23. Mr. Fox FOK responded that his company (PPG) would make arrangement for prompt delivery of their products once EPD fixed the implementation date. His company had already manufactured full range of compliant products for sale globally. Mr. Ben KONG also admitted that his company (Akzo Nobel) had formulated and been supplying the full range of compliant products, but expecting difficulties in acquiring stock from non-European sources. He did not agree that the limit of 250 g/L for primer had taken effect for more than 10 years and further appealed the prescribed limit for primer be lessened. Mr. WY CHAN tabled a document saying that the CARB VOC limit (250 g/L) for primer would only take effect on 1 January 2010.
24. Mr. Allan WONG clarified that the VOC limit (250 g/L) for primer/primer surfacer had taken effect back in 1998 as promulgated in the Rule 1151, rather than commencing to implement on 1 January 2010. The new control limit of 250 g/L to be effective on 1 January 2010 was in fact for a new combined primer category consisting of primer, primer surfacer and primer sealer in order to be consistent with Standard Control Measure of CARB. Mr. Fox FOK concurred the explanation as it was the control strategy in CARB.
25. Mr. John YAU opined that monitoring the illegal use of non-compliant product was particularly important. It would be unfair to those adhering strictly to the legislative requirements while others trying to seek all possible options to elude. Without doubt, all stakeholders would logically changeover to the compliant products at the last minute after exhausting all the concessions given. Mr. SW WONG also concerned about the anticipated problems in effective enforcement. He wished to invite EPD's representatives to join SMA's regular meeting to facilitate understanding about the trade's concerns.
26. Mr. SW PANG said that while noting the use of remaining non-compliant products imported prior to the implementation date would still be permitted for the sake of avoiding wastage, EPD would consider stepping up enforcement actions to deter illegal import whenever necessary. He said that EPD would welcome complaints and information on suspected use of illegal paints as sources for follow up actions. Also, he said that EPD staff would participate SMA's future meetings to enhance mutual understanding. EPD/SMA
27. Mr. Casey LEE wondered if the GDP per capita of Hong Kong was on a par with that of the California for justifying the implementation of the stringent control scheme. In anticipation of the gradual lifting of restriction for vehicles crossing the border into the Mainland, he worried that Hong Kong would lose its competitive advantages to Mainland subsequently given the much lower maintenance costs across the boundary. In response, Mr. SW PANG said that Hong Kong should be comparable to that of

California in terms of GDP per capita and hence should be affordable to adopt similar requirements to improve our air quality problems. He added that we would be able to maintain unique advantages and strike a balance between implementing stringent control and financial acceptability of the trade.

28. Mr. CM LAW suggested that government garages should take the leading role in using compliant products with its fleet, and Mr. SW PANG advised that EPD had informed government departments to use compliant products in advance of the effective dates, and would discuss with EMSD on conducting trial use of compliant products as soon as possible. EPD
29. Mr. HC LAM concluded his concerns about product supplies, livelihood of the trade operators and the practical problems that might be encountered in applying waterbased paints. VTC/EPD
30. Mr. CK WONG advised that VTC could run demo workshops to help adaptation of skillful workers for transition to the use of waterbased paints.
31. Mr. SW PANG appealed paint suppliers to draw up concrete plan for supplying compliant products and other related information to the users as soon as possible. Before concluding the meeting, he thanked members again for their supports in fostering better collaboration among stakeholders.
32. There being no other business, the meeting was adjourned at 05:15 p.m.