

For Discussion
on 9 September 2009

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

Vehicle Refinishing Paints
Further Consultation with the Relevant Trades

PURPOSE

At the third meeting of the Subcommittee held on 2 July 2009, we undertook to further consult the trades related to vehicle refinishing paints. This paper reports on the outcome of the consultation and responds to Members' concerns raised at the meeting.

FURTHER TRADE CONSULTATION

2. The trades related to vehicle refinishing paints include paint suppliers and the vehicle repair trades. As part of the further consultation, we have met all the key suppliers in the local market including AkzoNobel Car Refinishes (Hong Kong) Limited, BASF Coatings International Trade (Shanghai) Co. Ltd, Color Master Limited, PPG Industries International Inc. and Tai Lee Hong HK Trading Company. We have also met the vehicle repair trades represented by the Service Managers Association, whose members are mainly authorized agents of vehicle manufacturers, the Hong Kong Vehicle Repair Merchants Association Ltd. and the Environmental Vehicle Repairers Association Ltd., whose members are medium and small vehicle repairers, and the Hong Kong Bus Suppliers Association, whose members include bus repairers. A summary

of the views collated from these consultees is set out below.

Paint Suppliers

3. While noting that the proposal in the Amendment Regulation has already taken account of their earlier comments and confirming that products compliant with the VOC requirements in the Amendment Regulation could be made available to the local market, paint suppliers opine that the stringency of the proposed standards could restrict the supply of paints for some paint categories to products designed for consumption in California. Hence, problems such as incompatibility between different paint coatings, colour mismatches, interruption of supply, higher product costs and lack of support to customers could arise. To avoid these problems, paint suppliers suggest further relaxing the VOC limits to the extent as shown in the table at Annex A.

Vehicle Repair Trades

4. Among the paint categories affected by the proposal, paints in the colour coating category require the switch from solvent-based paints to water-based paints. Water-based paints are new to the vehicle repair trades. Vehicle repair workshop operators, particularly those of the medium and small vehicle repair workshops, are worried about the feasibility of applying water-based paints in their workshops, many of which are equipped only with very basic painting equipment. They are concerned that vehicle refinishing paints of lower volatile organic compound (VOC) content may require more time for drying. In the case of water-based paint, the vehicle repair workshops will require another set of spray guns for applying the paints, another set of paint disposal facilities and a stronger supply of compressed air for the spray guns and air blowers. The actual cost of upgrading will be workshop specific and will likely be in the range of \$5,000 to \$30,000.

5. To address their concerns, a demonstration of the application of water-based paint has been held with the medium and small vehicle repair trades as part of the further consultation. The demonstration has shown that a

typical vehicle repair workshop, which has only basic equipment for applying solvent-based paints, could apply water-based paints with acceptable results with the aid of air blowers, standard spraying equipment for applying water-based paints. During the demonstration, the relative humidity was close to 90% with heavy rain at times. The water-based paint took about 10 minutes more to dry than the conventional solvent-based paint, after which the clear coating could be applied right away. The finding has gone some way to address the trades' concerns. Nevertheless, the trades are still worried that the extra time for drying the paint could be longer if the primer and topcoat were also low VOC-containing paints, and the demonstration might not represent all of their operating situations.

6. Similar to the operators of medium and small vehicle repair workshops, the Hong Kong Bus Suppliers Association is also worried about the applicability of water-based paints in their workshops and the implication of a longer paint drying time to their productivity. However, the summer vacation is their busy period. As such, a mutually convenient time cannot be found to hold a similar demonstration in their workshop.

7. The specific views of the different sectors of the vehicle repair trades are set out at Annex B.

THE RESPONSES TO VIEWS COLLATED FROM THE FURTHER CONSULTATION AND CONCERNS RAISED AT THE MEETING OF THE SUBCOMMITTEE HELD ON 2 JULY 2009

8. Having carefully considered the views of paint suppliers and the vehicle repair trades summarized in the preceding paragraphs and the concerns raised at the meeting held on 2 July 2009, we have the following responses-

(I) Standards to be Adopted

(a) California Air Resources Board (CARB) has been very successful in

regulating VOC emission to address smog problems. We have thus made reference to its VOC regulatory framework in developing our VOC control proposals with certain modifications to suit local circumstances. For instance, in the case of vehicle refinishing paints, the VOC limits in our original proposal, which are reflected in the Amendment Regulation, have already taken into account the comments of paint suppliers and the vehicle repair trades in our earlier consultation. Taking into account of the supply logistic problems faced by the paint supply industry and the need for the vehicle repair trades to adapt to the application of low VOC-containing paints and water-based paints as indicated in the latest round of further consultation, we agree to the suggestion of the paint supply industry to further relax the VOC contents as shown at Annex A. Most of the affected vehicle paint categories are of relatively low consumption. These relaxations would also resolve the earlier concerns on incompatibility among different paint coatings, colour mismatch and interruption of paint supply, etc.

(II) Implementation Date

- (b) In recognition of the need for preparation for the switch to water-based paints including upgrading the painting facilities and training of the personnel, we agree to postpone the implementation date from 1 October 2010 to 1 October 2011.

(III) Compliant Products – Awareness and Supply

- (c) We will step up publicity on the new control measures including VOC control after the Amendment Regulation is passed by the Legislative Council. Training courses will also be held to help vehicle repair technicians to master the skills to apply paint of low VOC contents. These publicity and training sessions will be good channels to raise awareness of the compliant products in the market.

(IV) Enforcement

- (d) We recognize the importance of vigorous and effective enforcement actions in implementing the new VOC controls. To ensure no illegal or non-compliant products are imported and used, we will conduct inspection of vehicle repair workshops regularly to check their use of paints. If there are evidences of non-compliant paints being imported or used, we will take enforcement action as appropriate.
- (e) The proposal does not require mandatory testing of the VOC contents of the relevant products. However, if and when the VOC content of a paint product is to be tested, there are local laboratories capable of performing such tests, amongst which one has been accredited for conducting the test.

(V) Capital and Operation Costs

- (f) In accordance with the user pay principle, we do not agree to subsidizing the vehicle repair trades to upgrade their facilities for using water-based paints because vehicle owners should be responsible for the cost of repairing their vehicles. On the other hand, we note some small and medium sized vehicle repair trades may require financial assistance in upgrading their workshops to meet the new control, we would liaise with the Trade and Industry Department with a view to organizing briefings for the trades on the eligibility and support available under the SME Loan Guarantee Scheme.
- (g) To help the technicians particularly from small and medium repair workshops to acquire the basic skills for spraying water-based paints, we will continue to work with the Vocational Training Council (VTC) to offer training for the vehicle repair trades.

Implications of the Relaxations Recommended at Paragraph 8 above

9. Our initial estimate is that the relaxation to the VOC content limits would reduce our VOC emissions by 2010 to 31,035 tonnes instead of 31,000 tonnes as required for meeting the 2010 emission reduction target agreed between the Governments of the Hong Kong SAR and Guangdong Province (i.e. a shortfall of about 35 tonnes). However, the actual extent of the shortfall can only be ascertained by the time of compiling the 2010 emissions figures.

Others

10. During the discussion of the Subcommittee, concerns were raised about the risk of a retailer or even a purchaser of a regulated product falling within the definition of “importer” under the definition in Section 2 of the Amendment Regulation. In the light of this concern, we now propose replacing the definition of “importer” in Section 2 with the following:

""importer" (進口商) means a person by or for whom a regulated product is or was brought, or caused to be brought into Hong Kong, and includes a person who, at or immediately after the time a regulated product is or was brought or caused to be brought into Hong Kong, is or was in possession or entitled to the custody or control of the product, whether as owner, consignee, agent or broker;"

ADVICE SOUGHT

11. Members are requested to take note of the outcomes of the further trade consultation related to vehicle refinishing paints and our responses to the concerns raised in the last meeting, and advise on the proposed amendments in paragraphs 8 and 10.

Environmental Protection Department

1 September 2009

Proposed Revised VOC Content Limits

Regulated Vehicle Refinishing Paint Type	Maximum Limits of VOC Content in Ready to Use Condition (grams/litre of coating and less water [#])	
	Amendment Regulation	Proposed Revision
(1) Adhesion Promoters	540	840
(2) Clear Coatings (except Matt Clear Finish)	420	420
(3) Clear Coatings (Matt Clear Finish)	NA	840
(4) Colour Coatings	420	420
(5) Multi-Colour Coatings	680	680
(6) Pre-treatment Coatings	660	780
(7) Primers	250	540
(8) Single-stage Coatings	340	420
(9) Temporary Protective Coatings	60	60
(10) Textured & Flexibilised Coatings	NA	840
(11) Truck Bed Liner Coatings	310	310
(12) Underbody Coatings	430	430
(13) Uniform Finish Coatings	540	840
(14) Other Vehicle Refinishing Coatings	250	250

Note: "NA" denotes not a product type in the Amendment Regulation.

No exemption will be allowed for the "exempt compounds" as listed in the Amendment Regulation for the determination of the VOC content of coatings.

Specific Views of the Vehicle Repair Trades

Specific views of the vehicle repair trades are summarized below:

Service Managers Association

- (a) The VOC limits should be relaxed to the extent that compliant paints can be sourced outside California and particularly from Europe.
- (b) Effective enforcement should be made to deter import and use of non-compliant paints. Otherwise, they will lose out to those using them.
- (c) Owing to the potential increase in the cost of paints and the current poor economic environment, the Government should subsidize the upgrading of their facilities for using water-based paints.
- (d) The implementation date should be set at two years after the Amendment Regulation is passed by the Legislative Council to allow time for their budgeting, planning, workshop modification, which can only be carried out in non-peak season, and training of technicians.

The Hong Kong Vehicle Repair Merchants Association Ltd. and The Environmental Vehicle Repairers Association Ltd.

- (e) The use of the water-based paints or low VOC paints will increase their operating cost, arising from more expensive paint materials, longer time for completing the paint job and the need for additional equipment such as air blowers, spray guns, air compressors and waste disposal facilities. Under the current economic climate, they might not be able to pass on the increase in operating cost to their customers. The Government should subsidize the upgrading of their facilities for

using water-based paints.

- (f) Unlike solvent-based paints, the degree of colour matching between newly painted area and old painted area can only be ascertained after the water-based colour coating and the clear coating have been dried. If there is any mismatch in colour, the whole painting work will have to be re-done. They thus ask for incentives to be provided for technicians to attend training on the use of water-based paints.
- (g) They would also like the implementation date to be deferred.

The Hong Kong Bus Suppliers Association

- (h) Lacking experience in applying water-based paints, they are uncertain about the cost of equipment upgrading for applying such paints and are worried about the implications on their operation cost due to long drying time of water-based paint. As such, they suggest that the Environmental Protection Department liaises with paint suppliers to provide guidance on the minimal set-up required for application of water-based paints.