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**Panel on Economic Development and
Panel on Environmental Affairs**

**Minutes of joint meeting
held on Wednesday, 15 July 2009, at 10:45 am
in Conference Room A of the Legislative Council Building**

Members present : Members of the Panel on Economic Development

- * Hon Jeffrey LAM Kin-fung, SBS, JP (Chairman)
- Hon Starry LEE Wai-king (Deputy Chairman)
- Hon Albert HO Chun-yan
- Dr Hon David LI Kwok-po, GBM, GBS, JP
- Hon Fred LI Wah-ming, SBS, JP
- Hon CHAN Kam-lam, SBS, JP
- Hon Emily LAU Wai-hing, JP
- Hon Abraham SHEK Lai-him, SBS, JP
- * Hon Albert CHAN Wai-yip
- Hon Andrew LEUNG Kwan-yuen, SBS, JP
- Hon WONG Ting-kwong, BBS, JP
- Hon Ronny TONG Ka-wah, SC
- Hon CHIM Pui-chung
- Hon Paul CHAN Mo-po, MH, JP
- Hon Tanya CHAN
- Hon IP Wai-ming, MH
- Hon Paul TSE Wai-chun
- Dr Hon Samson TAM Wai-ho, JP

* Also members of the Panel on Environmental Affairs

Members of the Panel on Environmental Affairs

Hon Audrey EU Yuet-mee, SC, JP (Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP

Hon James TO Kun-sun
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-ye, GBS, JP
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun

Members absent : Members of the Panel on Economic Development

Hon Vincent FANG Kang, SBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP

Members of the Panel on Environmental Affairs

Hon CHAN Hak-kan (Deputy Chairman)
Hon WONG Yung-kan, SBS, JP
Hon Andrew CHENG Kar-foo
Hon LEE Wing-tat
Hon CHEUNG Hok-ming, GBS, JP

Public officers attending : Agenda Item II(a)

Ms Eva CHENG, JP
Secretary for Transport and Housing

Miss Janice TSE, JP
Deputy Secretary for Transport and Housing
(Transport)⁵

Mr Esmond LEE, JP
Deputy Secretary for Transport and Housing
(Transport)⁴

Agenda Item II(b)

Mrs Rita LAU, JP
Secretary for Commerce and Economic Development

Miss Margaret FONG, JP
Commissioner for Tourism

Mrs Laura ARON
Assistant Commissioner for Tourism

Agenda Item II(c)

Mr Edward YAU, JP
Secretary for the Environment

Mr Albert LAM, JP
Deputy Director of Environmental Protection (2)

Mr Carlson K S CHAN
Deputy Director of Environmental Protection (3)

Mr LUI Ping-hon
Principal Environmental Protection Officer
(Infrastructure Planning)
Environmental Protection Department

Mr Gordon LEUNG
Senior Environmental Protection Officer
(Cross-Boundary and International)³
Environmental Protection Department

Clerk in attendance : Ms Debbie YAU
Chief Council Secretary (1)⁶

Staff in attendance : Ms Angel SHEK
Senior Council Secretary (1)¹

Mrs Mary TANG
Senior Council Secretary (1)²

Ms Debbie SIU
Legislative Assistant (1)⁹

Action

I Election of Chairman

Mr Jeffrey LAM was elected Chairman of the joint meeting.

II Promoting cooperation between Hong Kong and the Pearl River Delta Region in respect of economic development and environmental protection

2. The Chairman said that a delegation of the Legislative Council (LegCo), comprising members of the Panel on Economic Development and Panel on Environmental Affairs, had conducted a study visit to the Pearl River Delta (PRD)

Region to observe the latest development in the areas of logistics, tourism and environmental protection in May 2009. The joint Panel meeting was held to exchange views with the Administration on the promotion of cooperation between Hong Kong and the PRD Region in these areas.

- (a) **Meeting with the Secretary for Transport and Housing on logistics development**
(LC Paper No. CB(1)1952/08-09(02) - Administration's paper on latest developments in logistics in Hong Kong and related matters)

Briefing by the Administration

3. At the invitation of the Chairman, the Secretary for Transport and Housing (STH) highlighted the latest developments in logistics in Hong Kong. She said that the PRD Region and Hong Kong shared the same cargo hinterland and consumer market. While the PRD Region was posing keen competition to Hong Kong with its competitive advantage in cost in terms of land premium, labour cost and terminal handling charges, Hong Kong had its unique geographical advantage which was further reinforced by its free port status, an open and transparent regulatory regime, a simple tax system with a low tax rate, free flow of capital and information, efficient customs, the rule of law and independent judiciary. Moreover, the Hong Kong Port (HKP) was renowned for its efficient cargo-handling operations. Coupled with comprehensive and frequent shipping schedule and transparent customs procedures, HKP remained a preferred shipping hub in the region and would continue to provide value-added and tailor-made logistics services to meet the industry's rising demand. To strengthen the competitiveness of HKP, the Administration would closely monitor the changes in Hong Kong's container throughput, with a view to working out the optimal timing for providing the new berths. It would also take forward a project to dredge the Kwai Tsing Container Basin and its approach further down to accommodate mega containerhips, and seek to reduce the cross-boundary trucking costs.

4. On air logistics, STH said that the Hong Kong International Airport (HKIA) provided excellent connectivity and was equipped with state-of-art air cargo ground-handling facilities. In addition to the existing two general air cargo terminals, namely the Hong Kong Air Cargo Terminals and the Asia Airfreight Terminal, a new air cargo terminal franchise was awarded in 2008. Upon completion of the new air cargo terminal, the total handling capacity would increase to more than 6 million tonnes of cargo per annum. To meet the demand in the longer term, the Airport Authority Hong Kong (AAHK) was conducting the Airport Master Plan 2030 Study, which would lay down the blueprint for the airport's development for the next two decades. It was expected that the commissioning of the Hong Kong-Zhuhai-Macau Bridge (HZMB) would enable Hong Kong to expand its cargo hinterland into the Western PRD Region and attract investment. STH further advised that in the context of the Outline of the Plan for the Reform and Development of the PRD (2008-2020) (the Outline) and the

National 12th Five-Year Plan, the Administration would seek in-depth cooperation with the PRD Region in modern service industries, among which logistics service was one of the focus areas of cooperation. Hong Kong would maintain close coordination with the PRD Region to avoid unnecessary overlapping of resources and vicious competition with a view to achieving a win-win scenario.

Discussion

Cross-boundary land logistics

5. Noting that at present, it was necessary for cross-boundary container truck drivers to complete two sets of customs clearance procedures which were costly and time-consuming, Mr WONG Ting-kwong enquired whether the procedures and declaration documents could be standardized for both the Mainland and Hong Kong sides to improve efficiency. He suggested having more land boundary crossing points operated round the clock and in a co-location mode.

6. Mr CHAN Kam-lam expressed concern about the development of the logistics industry in Hong Kong especially in regard to the connectivity with the PRD Region. He shared Mr WONG Ting-kwong's view that the Mainland and Hong Kong governments should develop a common electronic platform for customs clearance.

7. STH said that it was the Administration's target to streamline cargo clearance procedures taking into account the needs of boundary control points and deployment of manpower. The Administration would maintain a close dialogue with the Mainland authority in taking forward appropriate measures in this regard. The Deputy Secretary for Transport and Housing (Transport)5 (DS/TH) said that the Administration had discussed with the Mainland authority from time to time measures to expedite customs clearance for cargo. Due to the different requirements of the relevant authorities and freight forwarders, it was not practicable to standardize the procedures and have a common declaration document. As it was not permitted under the existing policy for the Mainland and Hong Kong governments to share customs information in question, container trucks would have to undergo the clearance process on each side of the boundary separately.

8. Referring to the planning and development of boundary control points, Mr Albert CHAN criticized that the excessive coverage of frontier control areas (FCA) in respect of land and sea boundary control had hindered passenger and cargo traffic across the boundary and the development of the economy. He urged the Administration to review its policy with a view to releasing more land from FCA for development and facilitating cross-boundary passenger and freight flow. STH responded that the Administration had to strike a balance between maintaining effective security control and enhancing convenience for customs procedures and cargo handling. The Administration welcomed suggestions from members for the Administration's follow-up actions on specific cases.

Air logistics

9. Miss Tanya CHAN enquired whether the Administration would conduct a detailed study on the feasibility of the Hong Kong-Shenzhen Airport Rail Link (ARL) in respect of its environmental impact and cost-effectiveness. Referring to some media reports about the low patronage of ARL, Mr CHAN Kam-lam was worried about the financial viability of the project. In view of the huge cost implications, he opined that the Administration should study thoroughly the economic benefits of ARL, including the additional benefits brought to the development of northwest New Territories (NWNT).

10. STH said that the Shenzhen Airport had a wide domestic network covering some 80 Mainland cities, compared with HKIA's 40, whilst HKIA had an extensive international network. It was envisaged that a direct link between the two airports would be conducive to complementing each other's strategic functions and service networks, and expanding the catchment of HKIA. She said that the joint preliminary study commissioned by the Government of the Hong Kong Special Administrative Region (HKSAR) and the Shenzhen Municipal Government had concluded that it was technically feasible to construct ARL. AAHK was conducting further in-depth studies on how seamless services could be provided to air passengers via ARL. The Administration would report the outcome of the studies to the Panel in due course, and carry out environmental impact assessment before implementing the project.

11. In reply to the Chairman, STH advised that under the current studies on ARL, the Administration was considering the provision of a rail station at Qianhai with cross-boundary customs and immigration facilities to offer in-town check-in service, and a rail station at Hung Shui Kiu to cater for the needs of residents living in NWNT. It was hoped that the provision of the above stations would help expand the patronage of the rail project. In this connection, the International Air Transport Association had been commissioned to conduct relevant studies on the patronage projections for ARL. She pointed out that the projected passenger figure of 7 000 stated in a recent media report was misleading as it only referred to the number of daily transit passengers.

12. The Chairman enquired whether the authorities concerned would set clear targets for the future development of Hong Kong and Shenzhen airports, with a view to differentiating their roles and service scope to avoid unhealthy competition. STH responded that the development and activities of the two airports were determined by market forces and it might not be appropriate to mandate their service scope. She said that Hong Kong would strategically target at the high value-added source markets and increase the number of flights for these areas.

13. Ms Miriam LAU relayed concerns of the logistics industry about the impact of the "Three Direct Links" (i.e. the agreements on direct air, maritime and postal links across the Taiwan Strait signed between the Mainland and Taiwan authorities in November 2008) on the air and maritime transport and logistics sectors in Hong Kong. She noted the preliminary assessment by the

Administration was that the number of Taiwan travellers going to and from the Mainland through HKIA would be affected to a larger extent while the impact on air cargo was expected to be more on transshipment cargo as such cargo now simply had airside transfer at HKIA without involving other logistics processes. As passenger and cargo traffic between the Mainland and Taiwan would no longer have to go via Hong Kong and in view of the competition posed by the Taiwan airport, Ms LAU enquired about the Administration's measures to prepare for the challenge.

14. STH said that the Administration had been following closely the development of the "Three Direct Links" in order to assess its impact on Hong Kong and to seize new opportunities. The Administration would continue to provide enabling environments for the air and sea logistics industries through related infrastructural development to increase the cargo handling capacity of Hong Kong. As for the future arrangements for air services between the Mainland, Taiwan and Hong Kong, STH said that it would take time to address the complicated issues involved. She added that before the global economic downturn in late 2008, the air cargo business had been on the increase by 5% year on year but since the fourth quarter of 2008, freight activities had dropped and been aggravated by the impact of the "Three Direct Links". Nevertheless, the Administration would continue to review the demand for air services from time to time and initiate air services negotiations with aviation partners with a view to increasing air traffic capacity to meet market demand.

Sea logistics

15. Referring to the report of the Study of Economic Development and Environmental Protection in the PRD Region conducted by the delegation of the Legislative Council in May 2009, Ms Emily LAU said that delegation members had suggested enhancing Hong Kong's competitiveness by implementing electronic procedures for the logistics chain and reducing trucking costs for high value-added goods. She enquired about the Administration's views in this regard. Mr Albert CHAN stressed the vital role of the logistics industry in the Hong Kong economy and expressed concern about the slow progress in taking forward the development of Container Terminal 10 and the challenge posed by the PRD ports.

16. STH advised that as it was difficult for Hong Kong to compete with the Mainland ports in terms of cost, it would be more appropriate to pursue a strategy to enhance the competitiveness of HKP in terms of hardware and quality services instead. Examples included developing on-board trucker information system (OBTIS) and working out the optimal timing for providing new berths in order to attract more river trade vessels and increase cargo volume. She added that the Administration would continue to explore areas of cooperation with the PRD Region to sustain and enhance the development of the logistics sector. DS/TH supplemented that OBTIS was being developed by the Administration in collaboration with the Hong Kong Productivity Council on a trial basis for 500 nominated trucks, which utilized global positioning system technology to facilitate effective collaboration and communication between logistics players and truckers,

including inter alia real time location of trucks, job dispatch, entry of container information and pre-arrival queuing.

Admin

17. The Chairman enquired about the comparison of the growth in container throughput and number of shipping calls for HKP and the Shenzhen port in the past five years, and the projections for their future developments. He also referred to a similar comparison on the air cargo front. STH and DS/TH responded that currently more than 100 shipping lines were operating about 450 shipping calls per week to over 500 destinations globally at HKP, including around 230 calls to Asia, whereas the Shenzhen port was operating over 200 shipping calls to Europe and America. The Administration undertook to provide further information after the meeting. The Chairman expressed concern that Hong Kong might lag behind Shenzhen in the growth of shipping calls and container throughput in the near future. STH said that the Administration was aware of the advancement in port logistics in Shenzhen and the PRD Region at large. Nevertheless, she assured members that HKP remained a preferred shipping hub in the region, especially as an entrepot, with its free port status and efficient cargo handling procedures.

Lantau Logistics Park

18. Mr IP Wai-ming noted from paragraphs 23 and 24 of the Administration's paper (CB(1)1952/08-09(02)) that the Administration would take into account Hong Kong's and the global economic trend and outlook in deciding on the way forward for the Lantau Logistics Park (LLP), including the scale and timing of the proposed development, so as to make sure that public resources were used in a cost-effective way in the development of the logistics sector. He enquired about the timeframe for implementing the project, and whether its development would tie in with the commissioning of HZMB.

19. STH advised that it was the Administration's target to build a modern logistics park on North Lantau Island as a designated facility for the provision of one-stop integrated logistics services. In view of the uncertain global economic situation, the significant drop in the trading and freight activities worldwide and the priorities to help the logistics sector overcome the difficult business environment, the Administration would continue to make available more land for both long-term and short-term logistics use as far as possible. Addressing concerns from the industry, the Administration would take forward initiatives of higher priority in parallel, such as optimizing land use in airport support and related cargo services to increase the handling capacity for air cargo, and pressing ahead with the HZMB project to improve Hong Kong's connectivity with the Western PRD Region to expand the cargo hinterland. The Administration would review with the industry how the LLP project should be taken forward, especially in connection with the commissioning of HZMB. DS/TH apprised members of the Administration's efforts made in the provision of some 10 hectares of land for the logistics industry in the past two years, including 2.3 hectares of land with a total construction floor area of 64 500 square metres for mid- to long-term development.

(b) Meeting with the Secretary for Commerce and Economic Development on tourism promotion

(LC Paper No. CB(1)1952/08-09(01) - Administration's paper on tourism co-operation between Hong Kong and the Pearl River Delta Region)

Briefing by the Administration

20. At the invitation of the Chairman, the Secretary for Commerce and Economic Development (SCED) highlighted that the PRD region was an important visitor source market for Hong Kong, accounting for more than 70% of the total visitors from the Mainland. The Outline encouraged Guangdong, Hong Kong and Macau to jointly develop tourism, and deepen the implementation of tourism-related measures under the "Mainland and Hong Kong Closer Economic Partnership Arrangement" (CEPA), in particular the "144-hour visa facilitation" measure. On facilitation measures for Mainland visitors, the Administration welcomed the pilot measures implemented by the Central People's Government, including the introduction of a one-year multiple-entry Individual Visit Scheme (IVS) endorsement for eligible Shenzhen permanent residents to visit Hong Kong. The Administration was actively liaising with relevant Mainland authorities to push for extending these measures to the entire Guangdong Province. Riding on the unique tourism resources in the PRD region, Guangdong, Hong Kong and Macau would jointly develop "multi-destination" itineraries, such as cultural and heritage travel routes, culinary and golf itineraries. The Tourism Commission had established a mechanism to maintain regular communication with the tourism authorities in Guangdong, Shenzhen and Macau to combat unscrupulous practice of zero or negative fare tour groups from the Mainland. The HKSAR Government had also liaised with the authorities in Guangdong and the Central People's Government to facilitate the operation of Hong Kong travel agents in Guangdong. Looking forward, the Administration would actively strengthen tourism cooperation with Guangdong and Macau in accordance with the Outline, so as to achieve greater synergy in promoting tourism and economic development in the region.

Discussion

Facilitation measures for PRD visitors

21. Mr CHAN Kam-lam and Mr Andrew LEUNG supported the Administration's initiative to collaborate with the Guangdong and Macau governments, and requested extending the one-year multiple-entry Individual Visit Scheme (IVS) to the rest of the Guangdong Province to facilitate eligible residents to visit Hong Kong. SCED highlighted the Administration's effort in promoting PRD's "multi-destination" itineraries. The tourism promotion agencies of Guangdong, Hong Kong and Macau had been conducting joint promotion in many long-haul (e.g. Berlin) and short-haul (e.g. Tokyo and Taipei) markets through participation in travel expos and organization of familiarization visits. In future,

Guangdong, Hong Kong and Macau would continue to step up co-operation in tourism promotion, jointly explore new source markets and enhance information exchange, with a view to attracting more international visitors.

22. In reply to Mr Paul TSE, SCED said that arrangements for non-Guangdong residents in Shenzhen to apply for IVS endorsements in Shenzhen to visit Hong Kong were expected to be implemented within 2009. The Administration would continue to liaise with the Mainland authorities to push for extending the arrangements to other PRD cities. SCED said that currently, applications for visa from Taiwan residents could be conveniently made online. The Security Bureau welcomed more facilitation measures between Hong Kong and Taiwan and was open to further discussion with the Taiwan authority as appropriate.

23. Mr Andrew LEUNG expressed concern that the Administration's measures to prevent the spread of human swine influenza (Influenza A H1N1) in Hong Kong had brought about adverse impact on the tourism industry. As there was only a small number of confirmed cases, Mr LEUNG asked what the publicity the Administration would undertake in the PRD region to boost visitors' confidence.

24. SCED stressed that while remaining vigilant against the development of the human swine flu virus, the Administration had stepped up publicity through its Mainland network including the Guangdong Economic and Trade Office and the Hong Kong Tourism Board's Guangzhou Office to update visitors on the latest mitigation measures (e.g. the lifting of the quarantine requirement) and that Hong Kong was a safe place to travel.

Joint promotion on cultural heritage tourism

25. Pointing out that "diaolou" and villages in Kaiping of Guangdong and historic centre of Macau had been classified as world heritage sites but there was no such site in Hong Kong, Prof Patrick LAU expressed concern that Hong Kong had lagged behind Guangdong and Macau in the development of cultural heritage tourism, which might affect Hong Kong during joint promotion. He urged the Administration to conserve and develop Tai O with a view to turning it into a world heritage site.

26. Mr Albert CHAN considered that Hong Kong was losing its edge as a premier destination for travel because it failed to diversify its tourism products. He shared Prof Patrick LAU's view that Hong Kong should strive to develop attractions with historic, heritage and green characteristics.

27. SCED agreed that efforts should be stepped up in the development of cultural heritage tourism. Nonetheless, she highlighted that many attractions in Hong Kong were rich in cultural elements and heritage value, such as the Cheung Chau Bun Festival, which would enrich the joint promotion with Guangdong and Macau. The Administration had made continuous efforts to protect and promote these attractions so as to enhance Hong Kong's appeal to interested visitor segments. Prof Patrick LAU advised the Administration to keep abreast of the latest

development in tourism in the world market, such as the development of eco-tourism. In response, SCED said that the Administration had followed closely the international development trend with a view to enhancing the quality of tourism services in Hong Kong. In fact, the Hong Kong Tourism Board had been promoting heritage-themed itineraries and eco-tourism tours, such as visits to Mai Po and Tai O.

Honest and quality tourism

28. Mr IP Wai-ming expressed concern about the lack of direction in the development of tourism in Hong Kong. He considered that adequate supply of technical and professional staff was fundamental to sustain tourism development. He expressed concern that the job opportunities of licensed tour guides and tour escorts in Hong Kong were taken away by their Mainland counterparts, as among inbound tour groups from the Mainland were accompanied by Mainland tour guides whereas outbound tour groups from Hong Kong were handed over to Mainland tour escorts in Shenzhen. Mr IP opined that as there was no employee representative in the Travel Industry Council of Hong Kong, the development of the travel industry was left to the travel agent operators. He questioned whether the Administration was aware of the situation, and enquired about what measures it would take to address these concerns.

29. SCED responded that Hong Kong had adopted a multi-pronged approach in promoting "honest and quality tourism" among consumers and the latter could choose travel agents which offered quality services. Identified cases of Mainland tour guides and escorts operating in Hong Kong without proper work permits would be reported to the Immigration Department for follow-up. SCED also pointed out that Mainland travel agents who used tour guides and escorts not qualified locally would not be able to offer a satisfying experience for visitors. Hence their business and reputation would suffer.

30. Noting that the newly enacted Mainland "Regulation on Travel Agencies" and the "Detailed Rules for the Implementation of the Regulation on Travel Agencies" had taken effect in May 2009, Mr Paul TSE enquired what measures the Administration would take to assist the travel industry in coping with the new legislation. SCED said that the Administration would monitor the effect of the new rules on the local industry, and if necessary, discuss with the Mainland authorities on ways to assist the industry.

Supply of hotel rooms

31. On supporting measures to cope with the rising number of visitors from the PRD region, Mr CHAN Kam-lam urged the Administration to consider opening more boundary control points on round-the-clock basis and providing more hotel rooms. He said that due to the lack of hotel supply, the charges of hotel rooms had increased to the level hardly affordable to PRD visitors. He considered that the Administration should make reference to the projected number of PRD visitors and plan for the provision of hotels. Otherwise, these visitors might choose to return

home on the same day.

32. Acknowledging the importance of providing supporting facilities in enhancing tourism development, SCED agreed that the provision of more hotel rooms at affordable rates could lengthen visitors' stay and stimulate their spending. The Development Bureau, which was tasked with the responsibility over the planning and use of land, had included nine pieces of land for "hotel only" uses in the current Application List and six of them had their conditions of sale specified. These pieces of lands would be able to provide a few thousand hotel rooms when developed.

33. In response to Mr CHAN Kam-lam's further suggestion of providing incentives to attract investors, SCED cautioned the need to adhere to existing land policy, under which investors' decision were made according to market and commercial principles. To attract potential investors, the Administration had already included the lands specifically for "hotel only" uses in the Application List.

34. Mr Albert CHAN noted that newly developed hotels were mostly five-star or above. To ensure the room charges of some new hotels would meet the budget requirement of PRD visitors, he suggested the Administration to consider specifying in the land tender requirement that the hotels to be developed had to be two-star or three-star grade. In response, SCED said that the premium for lands designated for "hotel only" uses would be relatively lower than those designated for commercial uses. The Chairman requested the Administration to consider Mr CHAN's suggestion of specifying the grade level of the hotels to be developed as a land tender requirement.

Admin

35. Mr Paul TSE shared other members' view on the lack of supply of suitable hotels to attract PRD visitors to extend their stay in Hong Kong. Referring to the fire accident of the unlicensed guesthouse earlier, he urged the Administration to realize its plan to turn vacated factory buildings or public housing estates into guesthouses as soon as possible, otherwise, similar accidents might happen again. Noting that the Home Affairs Department was currently the licensing authority of guesthouses and hotels, Mr TSE considered it more appropriate and coherent for the Tourism Commission to take up the role. SCED said that changes on the responsibility over the licensing of guesthouses and hotels, if any, would have to be deliberated within the Administration.

Assisting Hong Kong businessmen operating in PRD

36. Referring to the meeting between the LegCo delegation and Hong Kong businessmen operating in PRD hosted by the Guangdong ETO, Ms Emily LAU enquired about the measures taken by the Administration to assist these businessmen to tide over the difficulties. SCED highlighted that the Administration had maintained close contacts with these Hong Kong businessmen and understood their difficulties through regular dialogue with the various chambers of commerce, including those of small and medium establishments. The Administration had also established communication channels with the Ministry of

Commerce as well as the governments of Guangdong Province and its cities. If Hong Kong businessmen operating in PRD encountered problems in relation to the Mainland's rules and regulations, the Administration would discuss with the relevant authorities and together address the issues identified. In response to the Chairman's request, SCED advised that the Administration was taking follow-up action to the concerns raised at the aforesaid meeting. She undertook to provide a written response in due course.

Admin

(c) **Meeting with the Secretary for the Environment on environmental protection**

(LC Paper No. CB(1)2194/08-09(01) - Administration's paper on environmental co-operation between Hong Kong and Guangdong)

37. The Secretary for the Environment (SEN) said that the Study of the Economic Development and Environmental Protection in PRD Region conducted by the LegCo delegation would be useful in promoting cooperation between Hong Kong and Guangdong. He said that he and his colleagues had been to some of the environmental facilities and business enterprises visited by the delegation and more exchanges would be held with relevant parties in future.

38. Ms Audrey EU was concerned about the development of petrochemical industries in Guangdong and its impact on the Green PRD Living Area. She considered it necessary that more information on the development of chemical industries in the PRD Region should be made available to members. She also supported that exchanges be held with the Guangdong authorities on a regular basis and that invitations be extended to Guangdong officials to visit Hong Kong so that they would be able to exchange views with members and green groups on environmental issues of mutual concern.

39. In response, SEN said that there had been regular exchanges with academics, environmental groups and business associations on both sides. Officials from the Guangdong government had also visited Hong Kong to discuss environmental issues and it was expected that more of such exchanges would be held. A consensus had been reached with GPG in April 2002 on the emission reduction targets and a PRD Regional Air Quality Management Plan had been drawn up in December 2003. As regards the concern about the adverse impact on the environment arising from the development of petrochemical industries in PRD Region, SEN advised that there had been reports that Nansha was not chosen for the proposed development of a petrochemical plant. At the request of Ms Audrey EU, the Administration would provide information, if it was aware of any, on the plan of China National Offshore Oil Corporation to develop a petrochemical factory in Huizhou.

Admin

40. Mr KAM Nai-wai said that the two waste incineration facilities visited by the delegation, i.e. the Guangzhou Li Keng WTE Plant and the Lou Hu Keng Waste Treatment Plant seemed to be odour free. While he was unsure whether the operation of the incineration facilities had been suspended prior to the delegation's visit, he considered that reference should be made to the experience of Guangzhou in the treatment of waste, in particular, on waste to energy incineration, disposal in landfills and emissions control. SEN said that there was a need to develop an integrated waste management facility (IWMF) in Hong Kong which provided for waste separation and incineration. Environment Impact Assessment studies were being undertaken at the two sites identified as potentially suitable for IWMF, namely Shek Kwu Chau and Tsang Tsui Ash Lagoons. Subject to the findings of the studies, a final decision on the choice of site would be made and funding would be sought for its construction as soon as practicable. The incineration technology to be adopted at the IWMF would be of the highest international standards, with stringent control on emissions.

41. Mr CHAN Kam-lam said that although the two Guangdong waste treatment facilities showed that such facilities would not pose environmental hazard to the community, there was still much difficulty in gaining support from the relevant District Councils and the local community if an IWMF was to be built in their vicinity. In this connection, he enquired about the feasibility of seeking cooperation with the Guangdong authorities on providing a site in the remote parts of the border for the construction of an IWMF which could be used by both sides. SEN said that there had been a general misconception that waste treatment facilities would pollute the surrounding environment. As proven in Guangdong and many other parts of the world, waste treatment facilities were able to operate at very high standards and would not give rise to adverse impact on the environment. To overcome local objection, there was a need to engage the affected parties and apprise them of the technology to be adopted, as in the case of the Sludge Treatment Facility which was recently approved for construction. Nonetheless, the Administration would be arranging a visit to the incineration facilities in Japan for members of two District Councils so that they could observe the latest developments in incineration technology. On the suggested provision of a cross-border site for the development of IWMF, SEN said that this might not be feasible or justified given the large amount of waste to be treated and the problems associated with the transport of waste. Besides, the Guangdong authorities were also having much difficulty in coping with their waste problem. Nevertheless, there could be mutual exchange on the latest development in waste treatment technology.

42. Referring to the visit to the BYD Company Limited (BYD) which manufactured hybrid and electric vehicles, Mr KAM Nai-wai enquired about the Administration's plans to import these vehicles for use in Hong Kong. SEN said that it was the Administration's intention to promote the use of electric vehicles in Hong Kong. While BYD had been manufacturing vehicles with left-wheel driving, it had expressed an interest in developing models with right-wheel driving which were suitable for use in Hong Kong. It had also agreed to make available two hybrid vehicles for trial use in Hong Kong. It was hoped that there would be

more cooperation between both sides in the promotion of electric vehicles. The Steering Committee on the Promotion of Electric Vehicles which was set up under the leadership of the Financial Secretary would be making recommendations on strategy and specific measures to promote the use of electric vehicles.

43. Ms Miriam LAU said that based on her observation during the visit, the Guangdong cities had out-performed Hong Kong in terms of greening and waste incineration and as such, reference should be made to their achievement and the commitment. She was also impressed with the development of hybrid vehicles in Guangdong. She said that while Hong Kong had developed its own electric vehicle under the brand name of "My Car", this was meant for export and not for local use. She enquired if joint efforts could be made with the Mainland in the development of a new model of electric vehicles for use both in Hong Kong and overseas. SEN said that "My Car" was developed using government funding under the Innovative Technology Fund and was now undergoing safety testing. More efforts would be made in developing and promoting electric vehicles in Hong Kong.

44. Ms Miriam LAU pointed out that Hong Kong had excelled other Guangdong cities in its adoption of vehicle fuel standards. While Hong Kong had been using the more environment friendly Euro V vehicle fuel standard, the Guangdong Province had been adopting fuel standards equivalent to Euro III. As pollution had no boundary, the regional air quality could not have been improved unless environment friendly fuels were used by both sides. She would request that fuel standards in the Guangdong cities be upgraded so that they would be on par with Hong Kong standards. SEN said that Hong Kong and Japan had been taking the lead amongst Asian countries in the tightening of vehicle fuel standards. While Guangdong Province had been adopting National III standard of vehicle fuel, Beijing had tightened its fuel standard to National IV since the 2008 Beijing Olympics. Efforts would be needed to upgrade the fuel standards in Guangdong in order to bring them on a par with Hong Kong standards.

45. Ms Emily LAU said that she was very impressed with the greening in Zhuhai and other areas in Guangdong. She enquired whether similar efforts could be made to improve the greening in Hong Kong in line with the concept of Green PRD Living Area. SEN said that the Administration had attached great importance to the greening of Hong Kong. Unlike Guangdong where huge investments could be made in the greening of new towns, many of the urban areas in Hong Kong were densely built up and hence constrained in the development of greening measures. This notwithstanding, the Secretary for Development had formulated Master Greening Plans for the urban areas in Hong Kong. To encourage greening in urban areas, the Environment and Conservation Fund had provided funding for the implementation of green rooftops. It was worth noting that 43% of the land in Hong Kong had been conserved as Country Parks, following the inclusion of 2 700 hectares of land in Northern Lantau as Country Parks in 2007-2008.

III Any other business

46. There being no other business, the meeting ended at 12:47 pm.

Council Business Division 1
Legislative Council Secretariat
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