

## **LegCo Panel on Trade and Industry**

### **Support to Industry on Environmental Matters**

#### **Introduction**

This paper examines the implications of environmental protection measures on our industries and gives an account of the current support measures to assist our industries on environmental matters.

#### **Background**

2. In his 1999 Policy Address, the Chief Executive set out his mission to build a quality living environment for Hong Kong citizens. A series of measures were unveiled to tackle air and water pollution, and to enhance waste reduction. On air quality improvement initiatives, comprehensive measures for diesel vehicles will be introduced, which include replacement of diesel taxis and public light buses with liquefied petroleum gas vehicles, as well as stronger actions against smoky vehicles. On water pollution, besides the Strategic Sewage Disposal Scheme, expenditure on sewage treatment and infrastructural works will be increased by over 50% to \$9 billion within five years. On waste reduction, measures will be taken to double the overall rate of municipal waste reduction and recycling by 2007.

#### **Implications on the industry**

3. None of the new pollution control measures targets specifically at industry. Nevertheless, we appreciate that the industry would be concerned as to whether the costs incurred for the various measures, such as the new waste management facilities and their future operating costs, would be passed onto them under the polluter pays principle. On this point, Members may rest assured that in case a specific proposal for charges is required, the Planning, Environment and Lands Bureau (PELB), which is the Policy Bureau responsible for taking forward environmental protection measures, will fully consult the affected sectors, LegCo members and the public at large before implementation of any such measures. The Trade and Industry Bureau and the Industry Department would also ensure that the manufacturing and services industries, to the extent that they may be affected by any new environmental protection legislation or measures, will be properly consulted. As in the past, we will proactively monitor such consultation exercises and help channel the concerns of the industry to PELB to ensure that industry's concerns will be fully taken into account in the decision making process.

4. On the other hand, we believe the various environmental protection programmes should also have a positive impact on our industry. As agreed by many members of the business community in Hong Kong, paying attention to the environment is actually a way of saving money by increasing efficiency. In addition, environmentally sensitive practices also generate new business opportunities. These may include professional services which specialise in cleaning up pollution, reducing the causes of environmental pollution and improving material usage to meet environmental protection objectives. These are services that Hong Kong companies can offer not just locally but also in South China and the region. Besides, as material recovery is widely practised by every household, the high costs to the community for disposal of waste can be avoided, and more opportunities can be created for businesses engaged in the reuse of materials.

### **Support measures to the industry**

#### Government Efforts

5. The Government is committed to providing support to the industry in a number of major areas, viz, raising industry's awareness of environmental measures which will affect their operation; supplying information as to where appropriate technical advice can be obtained; and providing funding support for projects which will either assist the industry to comply with environmental measures or upgrade the technology level of relevant industry to enable them to grasp the business opportunities available.

#### *(a) Information support*

6. In terms of information support, the Government publishes the "Guide to Pollution Control Legislation Affecting Manufacturing Industries" on an annual basis and distributes it free of charge to manufacturers in affected industries. The Guide contains succinct summaries of local environmental legislation as well as descriptions of the support bodies that provide technical advice and services to industries on environmental matters. In addition, three design manuals and an eco-audit manual with support video for the textiles bleaching and dyeing, electroplating and printed circuit board manufacturing industries have been published by the Government to introduce improved environmental practices into their operations. A "Guide to Environmental Technology and Services Available in Hong Kong" has also been published which provides industry with a list of resources that will assist them in implementing pollution prevention and control systems. These technical manuals and videos are on sale at Government Publications Centres.

7. In addition, the Industry Department organises the annual Hong Kong Award for Industry : Environmental Performance category in co-operation with the Centre of Environmental Technology Ltd. The objective of the award is to promote a wider appreciation of the importance of environmental protection among Hong Kong's enterprises and to recognise companies that have improved their environment performance.

*(b) Funding support*

8. The Government also provides funding support to environment-related projects that could assist industries in environmental legislation compliance and in adoption of environmental technologies. Funding support to these projects has been provided through the Industrial Support Fund (ISF) and the Services Support Fund (SSF), which have been set up to support projects that would contribute to the further development of Hong Kong's manufacturing and service industries respectively. Both funding schemes stipulate that the deliverables and results of all projects funded should be disseminated to the relevant industrial sectors. End-of-project reports on the application of the developed technologies amongst local industries are also required. Thus even small and medium sized operators which cannot afford the resources to develop technologies to minimise pollution and waste generated by their operations could benefit from these projects.

9. Since its establishment in 1994, the ISF has provided funding support to 32 environment-related projects and the total commitment amounts to \$113 million. A large number of ISF projects are concerned with development of affordable waste treatment systems and green production technologies for local industries. Prominent examples include a biotechnological system to remove toxic heavy materials and organic waste from industrial effluent, a rinsing water recycling system for electroplating industry, the development of clean production technologies for surface finishing for the bleaching and dyeing industry. Other funded projects include raising industries' awareness of environmental requirements, particularly in Hong Kong's major overseas markets, in areas such as eco-labelling, packaging materials, and recycling of component parts embodied in electrical and electronic products. There are also projects which promote good environmental practices amongst industries such as the development of environmental management system manuals for the electroplating and plastic packaging industries, and the promotion of the ISO 14000 EMS standards amongst small and medium sized enterprises.

10. Four environment-related projects with a total commitment of around \$ 3 million have also been funded under the Services Support Fund. Projects supported include the development of an environmentally sustainable development strategy for the travel and tourism industry, and an effluent treatment and waste minimisation program for the catering industry.

11. The Applied Research Fund, which supports applied research and development projects and technology ventures, has also provided funding support of \$4 million to a project to develop an environmental friendly and degradable packing material made of straw and other chemical products to replace polyfoam.

12. The ISF and SSF have now been subsumed under a \$5 billion Innovation and Technology Fund (ITF) set up in July 1999. The ITF will support projects that contribute to innovation and technology upgrading in industry, as well as those that are essential to the upgrading and future development of industry. The ITF will continue to provide an important source of funding for projects which develop environmental support services and green technologies for the manufacturing and service industries.

#### Hong Kong Productivity Council (HKPC)

13. To help our industry comply with environmental regulations, HKPC has been providing consultancy and training services in a wide range of areas. They include air, noise and water pollution control; waste management/disposal; water recycling and resource recovery; energy management and environmental surveys and auditing.

14. In addition, the HKPC also develops cost-effective environmental equipment and cleaner production technologies to help industries prevent pollution and reduce operating costs. The electroplating, bleaching and dyeing, food processing and electronics industries are the major beneficiaries. For instance, the HKPC has developed recycling systems to reduce material input loss. It has also developed cleaner production technologies to replace the more conventional and highly polluting manufacturing processes.

15. To raise general awareness of the advantages of cleaner production, the HKPC has produced a cleaner production manual and a support video. The manual and video are distributed to industries free of charge. It also provides comprehensive

training services, organises seminars, conferences, study missions and exhibitions to disseminate information on modern environmental management practices and advanced environmental technologies. In addition, it publishes the “Green Productivity” magazine to provide information related to the environment that is of particular relevance to the Hong Kong situation.

16. The HKPC is in a good position to support the development of material recovery and recycling industries as well as industries which provide environmental goods and services, by providing the essential technology transfer services and in developing applied waste recycling technologies for dissemination to the industry.

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