

Date: December 6, 2004

Re: **Submission to Legco Panel for December 14, 2004 Discussion on VOC Consultation Document – Overall views of Hong Kong Suppliers Association**

The Hong Kong Suppliers Association (HKSA) is against the proposal on mandatory Registration and Labelling of VOC on consumer products. HKSA strongly recommends the Environment, Transport and Works Bureau (ETWB) to exempt from the said proposed scheme the VOC containing Consumer Products as listed in Annex A of the Consultation Document. Our view is that Stage 1 of the proposal on consumer products will do very little in helping the environment and not meaningful to the consumer. It will only lead to price increase in consumer goods, restriction on consumer choice, increase VOC pollution by using more glue and printing on labelling and increase governmental bureaucratic restriction on free trade.

24% VOC from Consumer Goods

We first question the validity of 24% of VOC emission came from consumer goods. We would sincerely appreciate ETWB's co-operation in providing us with the details on how you arrive at the 24% and the accuracy and statistical significance of this estimate. A lot of VOC containing household products get flush down the toilet or wash away into the drain that will not affect the atmospheric VOC. A lot of personal care products, such as nail polish and personal fragrance are not used up and the VOC never get into the atmosphere. A lot of consumer products, especially perfume and cosmetic, are not consumed locally. We would really like to know how you arrive at a 24% VOC emission coming from consumer products. It is hard to believe that VOC emitted from Vehicle accounted for only 25% of the VOC emission and those from paint accounted for 30%, both very close to the 24% emission from consumer goods.

We question if VOC emitted from locally consumed consumer products is as harmful to the atmosphere as paint, vehicle and imported VOC from nearby industrial countries and China. To put it differently, we would like ETWB to clarify if VOC are all the same regardless of the source or the type of chemical it generated from. We strongly feel that VOC emitted from the said consumer products is less harmful to human and cause less pollution than those from vehicle, industrial processes, industrial products and, most importantly, imported pollution from nearby countries and China. For example, vehicle not only emits VOC, it also emits particle matter, Carbon Monoxide, Nitrogen Dioxide and toxic air contaminants. How would the pollution level of 25% VOC plus other pollutants from vehicle compare to the 24% VOC from consumer products? If our argument is correct, the 24% VOC emission from consumer goods, regardless of its accuracy, is misleading to the public.

We believe our Government must prove with solid data that VOC from the

consumer products are a major contributor of pollution and that the proposed regulation will indeed reduce pollution before imposing any regulation on the products listed in Annex A.

Mandatory Registration

The Consultation Document stated that a registration fee will be levied for the mandatory registration. If a registration fee is to be levied, it should be stated in the consultation documents. A registration fee of \$100 and \$10,000 make a big difference to the suppliers. The registration fee will add cost to the product and financial burden to suppliers, especially suppliers only sell a small quantity of the concerned products or purchase goods for one off sales.

Some of the products listed in Annex A already required to be registered and monitored by Government agents. Examples are: insecticide is being regulated by the Agriculture and Fishery Department and Aerosol is being regulated by the Mechanical and Electrical Department and if any of such products fall into the category of dangerous goods, they are controlled by the Fire Department as well. All products listed in Annex A are governed by the Custom and Excise Department under the Consumer Goods Safety Ordinance which required safety statement in both English and Chinese. The increasing bureaucratic requirement on relatively safe consumer products listed in Annex A is uncalled for. California has the most stringent regulations on VOC and they do not require registration of VOC on consumer goods.

We would like the ETWB to clearly explain the justification on why consumer products in Annex A must be registered, the purpose of registration and the fee to be levied.

Testing of VOC Contents

Are there any other countries in the world require testing of VOC contents by independent and accredited laboratories before the consumer products can be sold?

Before we comment on this testing issue, we would like the ETWB to first furnish us with a list of accredited laboratories in Hong Kong so we can obtain the quotation on the testing of VOC content.

How many of such accredited laboratories are there in Hong Kong?

How much would the test cost?

Is the local accredited laboratories equipped with the instrument and equipment needed to test the wide range of various forms of consumer products listed in Annex A?

The testing of VOC contents will no doubt add financial burden to the trade. Some suppliers only sell a few hundred to a few thousand units of one product. It would be

impossible for these suppliers to justify paying for the VOC test. These products will be out of the market. It will definitely restrict new products to enter the market because importer will not pay for the VOC test for small sales turnover products and the majority of new products have small turnover.

Almost all consumer products in Annex A are imported. Manufacturers have no obligation to supply Hong Kong suppliers with a detailed ingredient list. If local suppliers cannot obtain a detailed ingredient list, it would be impossible to test for VOC. And, the source countries have no requirement on VOC declaration or testing. These products will have no possibilities to be sold in Hong Kong and some products already being sold in Hong Kong must be withdrawn from the market.

Japan, Europe, U.S., China and the rest of the world do not require mandatory VOC testing by accredited independent laboratory. If so, why Hong Kong has to be the only one that imposes additional cost on consumer products?

What is the purpose of mandatory VOC testing? Reducing consumer choice will definitely be the result if mandatory VOC testing is required. Is the test result justified the reduction in consumer choice and increasing hardship for suppliers because business will definitely suffer? The ETWB must answer these two questions before imposing cost on VOC testing and as a result increase product price and restrict consumer choice.

Labelling

We are disappointed that various government agencies had used labelling of consumer products as a mean to apparently solve problem and improve the standard of living of Hong Kong citizen. The ETWB should be the Government agency advocating less labelling since labelling add pollution and damage the environment by using more glue, ink, plastic, paper, etc. We, therefore, are extremely disappointed and surprise that ETWB is proposing labelling of VOC content and warning statement when the rest of world do not have such requirement. Again, California has the most stringent regulation on VOC and they do not require VOC labelling. It is embarrassing to even tell our overseas suppliers that the Hong Kong Government agency responsible for the environment actually proposing labelling as a solution to a VOC control.

A label is meaningless unless the reader knows what it means. A mere % of VOC content and a warning statement will not help the consumer to make wise decision on purchasing products that are less harmful to our air. It will cost a lot of money in education for everybody to be a chemist for this to be worthwhile. Is the Government prepared to invest in such educational cost? There is no such education provision presented in the consultation document. For example, Brand A nail polish removal may have a slightly lower VOC than Brand B. But you will have to use twice as much of Brand A to remove the nail polish. Simply judging from the label on Brand A of lower VOC will actually resulted in increasing the VOC pollution because you will have to use

twice as much. Another example is household cleaner. Is it better for our air quality to use a Brand A with 30% VOC than Brand B with 40% VOC? It depends on the chemical compound used as ingredients and effectiveness of the individual cleansing agent. You may have to use a lot more to clean with Brand A of 30% VOC and that the chemical used in Brand A could be more harmful. We can cite many examples.

Labelling without control is meaningless. Control is almost impossible for Hong Kong since it is a small market and almost all consumer goods in Annex A with VOC are imported. We are not in a position to ask the overseas manufacturers to produce as per Hong Kong's requirement. U.S. will follow their standard, China will follow theirs, etc. There is no universal standard. Each product category has its own VOC limit. Toilet cleaner, air freshener, perfume, wax, hair styling, shaving cream, etc, every product on the list of consumer goods to be regulated as stated in the Consultation Document would have different limit on VOC. **The standard for each individual product is determined by technical feasibility and agreed upon by the industries and regulatory agents of the source countries and each country could be different.**

If the labelling is meaningful and workable, suppliers will gladly comply. In this case, it is not because of difficulties in obtaining the VOC % and in consumer not able to understand what it means.

Reporting of Sales Records

There has to be a more efficient way of monitoring VOC emission from consumer products in Hong Kong. As explained earlier, some products sold are re-exported, purchased by visitors, washed down the drain, not used and kept in closed container. No matter how accurate the figures submitted by the suppliers, the figures would still be an approximation. Reporting and record keeping for a few specified products will add extra work and cost to the suppliers. If the information is meaningful and accurate, suppliers will gladly comply. In this case, it is not. **We strongly suggest the ETWB to meet with the trade and jointly arrive at a more efficient way of monitoring the VOC emission from consumer goods.**

Cost Implication

The Consultation Documents stated that the cost implication is small. We disagree totally. Registration, laboratory test, labelling, reporting and keeping record will cost money and the cost could be significant for a product only selling in relatively small quantity. There is only a few accredited laboratories in Hong Kong, testing cost could be significant. For example, in the case of Chinese medicine, the Government said cost would be minimal to comply with the registration and testing during the consultation period. When the law passed, the registration cost is \$1,000 for application and \$1,000 for registration for one product. The laboratory test cost is minimum of about \$40,000 to a maximum of over \$200,000 for one product. We strongly disagree that cost implication is small. ETWB must not mislead the Hong Kong citizen in Consultation Document with statement as in Point 19 "... cost implication to the prices of products concerned to be small." How can ETWB make such a statement without first informing the trade and the public on the

actual registration cost and testing cost.

Hong Kong success relies on free trade. Any new regulation, registration or labelling requirements must be meaningful and practical, otherwise, it will be a mere barrier for entrance and imposing hardship on business and the economy. It appears that our Government has, in many occasions, relies on one tool – LABELLING to improve the quality of life for the Hong Kong people. A label will not solve all the problems. Imposing labelling requirement onto the trade without the proper support to make the said label meaningful is wrong. Our Government must balance the merit to the public, the cost/feasibility to the trade and the responsibility of the Government to make the labelling really meaningful before proposing any new regulation, registration or labelling requirements.

Hong Kong Suppliers Association