



25th May 2007

Subject: Greenhouse gas emissions and its effects on global warming.

Below is Clear the Air's position on the subject. We propose to cover briefly the main sources of greenhouse gases (GHG) in Hong Kong, associated with the risks, and the remedies we advocate to reduce as much as possible the impact on global warming.

Summary:

1. The sources of greenhouse gases (GHG) (essentially : water vapor, carbon dioxide, methane, nitrous oxide, and ozone) include : all the activities leading to the burning of fossil fuels and coal. Their effect on global warming has been largely documented in the *Stern review on the economics of climate change*, released the 30th October 2006. The report was warning that environmental damages brought about by GHG could shrink the global economy by 20%, but taking action now, (already 7 months ago) could cost 1% of global GDP.
If action is taken anytime soon, the report warns, there is a 70% chance of global temperature rising between one to two degrees centigrades at least in the next 50 years. All these findings have been taken further in the study published early February 2007 by the International Panel on Climate Change (IPCC). Their report has focused on projections and measurable changes in the geography of the northern hemisphere, revealing drastic changes impacting heavily human and animal life, and more importantly the fact that rising global temperature will erode the planet's natural ability to absorb man-made CO₂, leading to a potential warming acceleration.
What does that mean for Hong Kong ?
2. If it chooses to, Hong Kong, by its role within China, and its position in Asia and the world as a major trading and financial hub, has a unique role to play in devising a set of initiatives for the short, medium and longer term. Hong Kong can definitely not ignore the issue of massive greenhouse gas emissions within its own borders and at its door, in the Pearl River Delta, and the pressure associated now with the public knowledge of what is happening and daily reported in the press, melting of snow caps, warmer seasons. Hong Kong, with its unique relationship with the Pearl River Delta authorities, has the opportunity to showcase a set of bold measures covering a broad range of initiatives that can inspire other densely populated industrial hubs in the world.
3. The short and medium term measures we advocate for curbing the emissions of GHG include: measures concerning the energy sector in one hand, and towards the transport sector in another hand. The swift decision by the Hong Kong government in the early 1990's to ban high sulphur diesel and its rapid positive effect on public health, visibility and cleaner air is exactly the type of



measures, Hong Kong is desperately in need today to improve a rapidly deteriorating situation.

4. Concerning the energy sector. 1) Mending the existing : **the installation by CLP of flue gas desulphurization on its Castlepeak power station has to be expedited and if possible accelerated.** Since a drastic reduction of coal burning cannot be expected for electricity generation. The necessary LNG supply has to enter in operation as soon as possible and preferably with a mainland supplier bringing piped gas from existing reserves / tanks on the mainland. The LNG terminal on the Sokos island proposed by CLP being in many respects totally unsustainable and in total contradiction with the interests of the SAR. **We have facts and figures about this issue at the disposal of this panel.**
2) **Review in depth the scheme of control to : limit the rate of return on investment of the power companies, prevent the power producers to sell excess of electricity to the mainland, and implement energy savings as it already exists in other developed economies like Japan, Korea, Singapore, Australia, etc...**
3) Implement energy saving together with demand side management measures. 4) Deregulate Hong Kong energy sector in the way the telecoms sector has been deregulated 7 years ago. **Let the use of renewable energy be adopted and encouraged so that it reached 20% of total electricity needs in 2020.**
5. Concerning the transport sector. In 12 months **taking off the road all the old polluting, diesel trucks** using the deep financial reserves the HK Government has at its disposal, in order to clean up the roads for all the operations of the logistics sector. For public transport, giving privilege to rail over road transport.
6. **Marine pollution : Hong Kong and the authorities in Guangdong still have to enact Clean Ports Policies so that** ocean going vessels be forbidden to burn dirty bunker fuel while in territorial waters and more importantly when the ship is at berth.
7. **Pearl River Delta cooperation :**
An intense dialogue has been maintained over the last years, between relevant authorities in Hong Kong and the PRD, yet the 60,000 Hong Kong owned factories haven't been under the type of scrutiny we could expect to limit the use of privately owned dirty diesel power generators. Moreover the Hong Kong owned coal power stations haven't yet been all equipped with fluegas desulphurization equipment. A tighter cooperation in all these aspects would
8. **Emissions trading** while a powerful incentive to mitigate climate change via the investment community, it remains for us a **longer term approach** to cleaning up the way we conduct our economic activities. Emissions trading does promote a general pollution reduction while creating a financial incentive for countries to get involved, however when a heavy polluter has at its disposal large financial reserves, it is under no immediate obligation to clean up it's activities, it just for a time chooses to pay and continue to pollute.



When it could do so, it rarely translates into an **immediate decision** to change course. And at this stage, time is of the essence.

We believe the implementation of short and medium term measures in the energy and transport sectors are key to starting the kind of trend reversal Hong Kong and the region needs to confront the threat of greenhousegas to the climate and bring confidence in the people to act and start a new way of thinking in terms of economic development.

Which means breaking the link between economic development and high carbon consumption.

Christian Masset
Chair
Clear The Air

Website: www.cleartheair.hk