香港工業總會
FHKI

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CB(1) 418/07-08(04)

14 December 2007

Mrs Mary Tang
Clerk to the Panel on Environmental Affairs
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Mrs Tang,

Government's Proposal to Mandate the Use of Ultra Low Sulphur Diesel in Industrial and Commercial Processes

Thank you for your letter of 28 November 2007, inviting our views on the Government's proposal to mandate the use of ultra low sulphur diesel (ULSD) in industrial and commercial processes.

As a champion of green production, the Federation of Hong Kong Industries understands that using cleaner fuel in manufacturing and other commercial activities is the world trend. We also acknowledge that industry has a part to play in improving Hong Kong's air quality. In support of the "Action Blue Sky" Campaign, we are prepared to co-operate with the Government and accept the proposal to switch from light diesel to ULSD.

That said, we submit that the switch will inevitably increase the operating costs of Hong Kong manufacturers. There is concern that those who consume large volume of fuel in production may have difficulty in bearing the extra costs.

To address this concern, we suggest that relief measures be introduced by the Government to mitigate the cost impact of the switch. Our recommendation is for the Government to offer companies triple tax deduction on their expenditures on ULSD. We believe this incentive will have negligible effect on government income, but can greatly encourage factories to migrate to green production.

We also understand that under the Government's proposal, industrial plants will be allowed to use alternative fuels with a sulphur content higher than ULSD's, provided that their emissions are kept below certain specified limits through use of emission control devices or technologies. We are supportive of this alternative arrangement as it will give manufacturers more flexibility in achieving the emission reduction requirements. We

very much hope that the Government will provide incentives, such as interest-free loans, to support manufacturers in adopting the necessary emission control installations and technologies.

Moreover, as establishments adopting the alternative arrangement will be required to be tested and certified by a competent examiner before operation and once every 12 months thereafter, the Government should ensure that there is sufficient supply of such examiners to meet the demand. If necessary, training courses should be organised for qualifying professionals in related fields to do the job. The Government may also need to control the fees on testing and certification charged by competent examiners, so as to avoid causing undue cost burden on establishments.

Finally, we would like to point out that emissions from industrial and commercial processes only account for a minor proportion of air pollutants generated locally, whereas power plants and road vehicles are the major contributors (please see tables in the Annex). If the Government is to effectively tackle Hong Kong's air pollution problem, the efforts should be focused on the latter pollution sources. Evidently, tightening the control on their emission will yield much better environmental benefits for Hong Kong.

Please convey ours views and suggestions above to members of the Panel on Environmental Affairs for their consideration.

Yours sincerely,

Clement Chen
Chairman

c.c. Hon. Andrew Leung

Table 1

Emission of Sulphur Dioxide from Local Combustion Sources in Recent Years

	Public Electricity Generation		Road Transport		Navigation & Civil Aviation		Combustion from Industrial & Commercial Processes, Households & Off-road Transport		Total	
	Kilo Tonne	%	Kilo Tonne	%	Kilo Tonne	%	Kilo Tonne	%	Kilo Tonne	%
2003	83.9	92.0	0.2	0.2	3.8	4.2	3.4	3.7	91.2	100.0
2004	87.5	92.3	0.2	0.2	4.0	4.2	3.2	3.7	94.8	100.0
2005	77.1	91.1	0.2	0.2	4.1	4.8	3.2	3.8	84.6	100.0

Source: EPD's website at: www.epd.gov.hk/epd/english/environmentinhk/air/data/files/table_so2.pdf

Table 2

Emission of Nitrogen Oxides from Local Combustion Sources in Recent Years

	Public Electricity Generation		Road Transport		Navigation & Civil Aviation		Combustion from Industrial & Commercial Processes, Households & Off-road Transport		Total	
	Kilo Tonne	%	Kilo Tonne	%	Kilo Tonne	%	Kilo Tonne	%	Kilo Tonne	%
2003	54.8	54.0	25.4	25.0	18.3	18.0	3.0	3.0	102.0	100.0
2004	44.9	48.5	24.6	26.6	20.1	21.7	2.9	3.1	92.5	100.0
2005	46.4	49.5	23.1	24.6	21.4	22.8	2.9	3.1	93.8	100.0

Source: EPD's website at: www.epd.gov.hk/epd/english/environmentinhk/air/data/files/table_nox.pdf

Table 3

Emission of Particulate Matters from Local Combustion Sources in Recent Years

	Public Electricity Generation		Road Transport		Navigation & Civil Aviation		Combustion from Industrial & Commercial Processes, Households & Off-road Transport		Total	
	Kilo Tonne	%	Kilo Tonne	%	Kilo Tonne	%	Kilo Tonne	%	Kilo Tonne	%
2003	3.4	54.0	2.2	34.9	0.5	7.9	0.2	3.1	6.3	100.0
2004	4.1	60.3	2.0	29.4	0.5	7.4	0.2	2.9	6.8	100.0
2005	3.4	56.7	1.8	30.0	0.6	10.0	0.2	3.3	6.0	100.0

Source: EPD's website at: www.epd.gov.hk/epd/english/environmentinhk/air/data/files/table_pm.pdf