



COLOR MASTER LTD.

UNIT 9,G/F., BLOCK B, SHATIN INDUSTRIAL CENTRE
5-7 YUEN SHUN CIRCUIT, SHATIN, N.T. HONG KONG.
E-mail: colormax@netvigator.com
TEL: 2713 0138 FAX: 2760 8254



Exclusive Distributor

June 23, 2009

Attn : Subcommittee on Air Pollution Control
(Fax No. 2869 6794)

Dear Sirs,

We thank you for your invitation to comment on the VOC regulation that is to be implemented in Hong Kong shortly.

For your information, our company has established for almost 30 years, we specialized in the distribution of solvent-based coating materials for the refinishing of automobiles, pleasure yachts and industrial applications. We distribute among many including products made by DuPont and Herberts of which we supply to a substantial percentage of the auto refinish market. Our clients include DCH, Zung Fu, Sime Dardy Group, Ocean Park & Disneyland etc....

Unanimously, we are all for clearer air, with less hazardous VOC material that pollutes our environment, nevertheless a fine balance should be drawn so that when implement regulation that it would not interrupt the welfare of the general public.

Please find our comments as follows for your review :-

1) Consultation -----

Consultation should be made with ample time for response, they should address to all involving parties concern. In this case the consultation should be addressed to :-

- a) The supplier of goods.
- b) The end users according to their segment of business i.e. automobile, yachts, industrial etc. and their operating criteria i.e. major workshops and the very small individual workshops.

2) Socioeconomic should be taken into account to avoid social unrest.

3) Prior to implementation the regulation, a proper workshop analyze should be carried out to evaluate its practicality, for-most if it is workable at various

environment.

Consultation is a gathering of information so that a common consensus can be reached. So far I have participated in meetings and workshop (as invited) organized by the Environmental Department, it is in my opinion that is not a true representation of the facts. Situations are not compromised.

As a coating supplier, it is our sole decision to select products that are marketable. In the case of auto refinishing, our products need to meet the market demand that is primarily consist of Japanese and European cars :-

- 1) Available of colours, in order to match the original colours.
- 2) Homologation approval as dictated by auto manufacturers i.e. Mercedes Benz, BMW, Toyota etc. **(pls see attachment 11)**
- 3) Availability of products i.e. European and Japanese products through Germany and Japan.
- 4) Relative cost comparison.
- 5) Application demands due to temperature, humidity etc.
- 6) The share of information (colour, application techniques etc.) from neighbouring countires.

My Proposal

I would urge the government to allow both the Euro ruling and U.S. ruling to be implemented at the same time for the following reasons :-

- 1)
Both VOC rulings are aim at reducing VOC, whereas U.S. (California) ruling has 47 exempt compounds that are not taken into account. U.S. claims that those exempt solvents do not contribute to the formation of smog. European ruling considers that all volatile compound are hazardous to health and they should all be counted.

We have to understand the environment of Europe and California are very much different. In California there are over 30 million vehicles (at a ratio of 0.80 auto per capital) with 30% being heavy trucks and trailers. California has the highest

vehicle population then anywhere else in the world, it is inevitable that any pollution generated from vehicles will be of serious quantity. Thus you will find that not all the different states in USA (including certain parts of California) adopts the California ruling. **(pls see attachment 16, 17)**

2)

If a survey is to be conducted there are practically no HK importers of coatings import coatings made in the USA, except aircraft coating where it is dictated by Boeing and pleasure yachts dictated by U.S. yacht manufacturers.

3)

At present the majority of cars in Hong Kong are primary Japanese and European, there are no importers of U.S. made coating that are suitable for this purpose. Although DuPont and PPG are U.S. companies, their products in Hong Kong are primary products made from else where other than U.S. in order to satisfy our demands. **(pls see attachment 1, 2, 3, 10)**

4)

In order to meet the demands of either U.S. and European VOC rulings waterborne system will be introduced for the colour segment (not the clearcoat and undercoat). Waterborne system is a difficult undertaking for the end users which also requires substantial technical support and training, if the U.S. ruling is the only compulsory requirement, that means 100% of the existing product lines needed to be changed, the undertaking in training, inventory and technical supports for the new product line will require at least 2 to 3 years to implement, if it is at all possible. For your reference, the implementation of European VOC ruling in Britain and Holland has put 20 – 25% of vehicle repair business out of business. **(pls see attachment 1, 2, 3)**

5)

Throughout the Asia Pacific region, Hong Kong and Korea are the only two countries that will implement U.S. ruling VOC control as of 2010. During actual consultative actions and in real practice, Korea finds that it is not possible to meet such environment controls without serious interfering with the social welfare of the general public, thus they have amended the U.S. ruling on VOC limits to different values. **(pls see attachment 6, 7, 8)**

6)

The cost of U.S. compliance products is generally 50% more expensive due to special solvents involved, plus the added cost of waterborne and operation time, the overall cost can be many folds of the present system.

Page 4 / Subcommittee on Air Pollution control

7)

With the U.S. ruling, the enforcement is almost impossible. In order to enforce control, the control should be addressed to include the endusers, not just the importer, that means the coating material that is under suspicion must undertake tedious chemical analyze to firstly exclude the 47 exempt compounds.

For your information, on June 2008, at the request of the Environmental Department, DuPont had provided a consultation paper for their review. The paper included herewith which is very much inline with what I had proposed on the above. **(pls see attachment 12-15)**

Should it be necessary to clarify any of the above comments, I will be present at the meeting on Thursday July 2, 2009.

Thanks and best regards,



Color Master Ltd
Albert K.C. Chan

Attachments -----

- 1)
Majority of refinish products as supplied to the auto industry in 2009 by PPG, DuPont, Standox do comply with the European ruling as these manufacturers no longer produce products that do not meet the European rulings, yet on the other had the same products will not comply with the California ruling. The effort in substituting all present products for the California compliance product is a major undertaking. **(attachment 1, 2, 3)**

- 2)
Examples on California rule making process. **(attachment 4)**

- 3)
Regions and air districts impact for California & North America. **(attachment 16, 17)**

- 4)
Global segmentation on where and how waterborne fits. **(attachment 5)**

- 5)
VOC regulation update – Korea. **(attachment 6)**

- 6)
Comparison of VOC limits on
 - a) Europe in 1994
 - b) Europe in 2007
 - c) California, Canada & Hong Kong in 2010
 - d) VOC limits modified for Korea in 2010**(attachment 7)**

- 7)
Progressive VOC regulation for Korea 2005 – 2010. **(attachment 8)**

Page 2 - **Attachments -----**

8)

EU directive preferred over California ruling. **(attachment 9)**

9)

Homologation paper for Mercedes Benz. **(attachement 11)**

10)

DuPont source of supply for major A/P countries mid 09
Mechelen (Belgium)
Wuppertal (Germany)
(attachment 10)

11)

Consultation papers prepared by DuPont for the benefit of the environmental
Department in June 2008. **(attachment 12-15)**

Dupont Refinish System

Regulated Vehicle Refinishing Paint Type	California and Canada Limits H.K. after Jan 2010	European Union Limits	Base on California Regulation to be Implacememented Jan 01, 2010			Base on European Union Limits	
1. Adhesion Promoter	540	840	 222S Adhesion Promoter			 222S Adhesion Promoter	
			 800R Plastic Adhesion Promoter			 800R Plastic Adhesion Promoter	
2. Wash Primer	250	780	 635R Wash Primer			 635R Wash Primer	
3. Primer / Surfacer	250	540	 131SR Surfacer			 LE2001 / LE2004 / LE2007	
			 1040R HS Filler			 LE2001 / LE2004 / LE2007	
4. Single Stage Coating	340	420	 Centari 500			 Centari 5035	
			 Centari 501			 Centari 5035	
5. Clear Coating	420	420	 G2-4700S Clear	 3800S HS Clear		 3800S HS Clear	
			 655S Clear	 3800S HS Clear		 3800S HS Clear	
6. Colour Coating Base Coat	420	420	 Centari 600	 Water Borne		 Water Borne	
			 Centari 6000	 Water Borne		 Water Borne	
7. Other Vehicle Refinishing Coating	250	840	 AU175 Flattener Binder			 AU175 Flattener Binder	
			 AK350 Blending Thinner			 AK350 Blending Thinner	
			 304S / 305S / 306S Vinyl Resin			 304S / 305S / 306S Vinyl Resin	
			 5717S Metal Conditioner			 5717S Metal Conditioner	
8. Preparatory and Cleaning	250	850	 85917 Silicone Remover			 85917 Silicone Remover	
9. Body Filler / Stopper	250	840	 86506 PE Fine Stopper	 86506 / 86948		 86506 / 86948	

*  Approved  Not Approved

Standex Refinish System

Regulated Vehicle Refinishing Paint Type	California and Canada Limits H.K. after Jan 2010	European Union Limits	Base on California Regulation to be Implacementented Jan 01, 2010			Base on European Union Limits	
1. Adhesion Promoter	540	840	 81270 Plastic Adhesion Promoter			 81270 Plastic Adhesion Promoter	
2. Wash Primer	250	780	 78011 Etching Primer			 78011 Etching Primer	
3. Primer / Surfacer	250	540	 79232 HS Filler			 79232 HS Filler	
			 78180 Nonstop Primer			 78180 Nonstop Primer	
			 80338 Universal Filler			 80338 Universal Filler	
			 85011 EP Primer			 85011 EP Primer	
			 2K Top Coat			 2K HS Top Coat	
4. Single Stage Coating	340	420	 2K HS Top Coat			 2K HS Top Coat	
5. Clear Coating	420	420	 2K MS Clear	 2K HS Clear		 2K HS Clear	
			 2K Platinum Clear	 2K Platinum Clear		 2K Platinum Clear	
			 Standex Basislack	 Standohyd		 Standohyd	
7. Other Vehicle Refinishing Coating	250	840	 84090 Satin Gloss Clear			 84090 Satin Gloss Clear	
			 Mix 606 2K Matting Agent			 Mix 606 2K Matting Agent	
8. Preparatory and Cleaning	250	850	 85917 Silicone Remover			 85917 Silicone Remover	
9. Body Filler / Stopper	250	840	 86506 PE Fine Stopper	 86506		 86506 PE Fine Stopper	
			 86948 PE Soft Stopper	 86948		 86948 PE Soft Stopper	

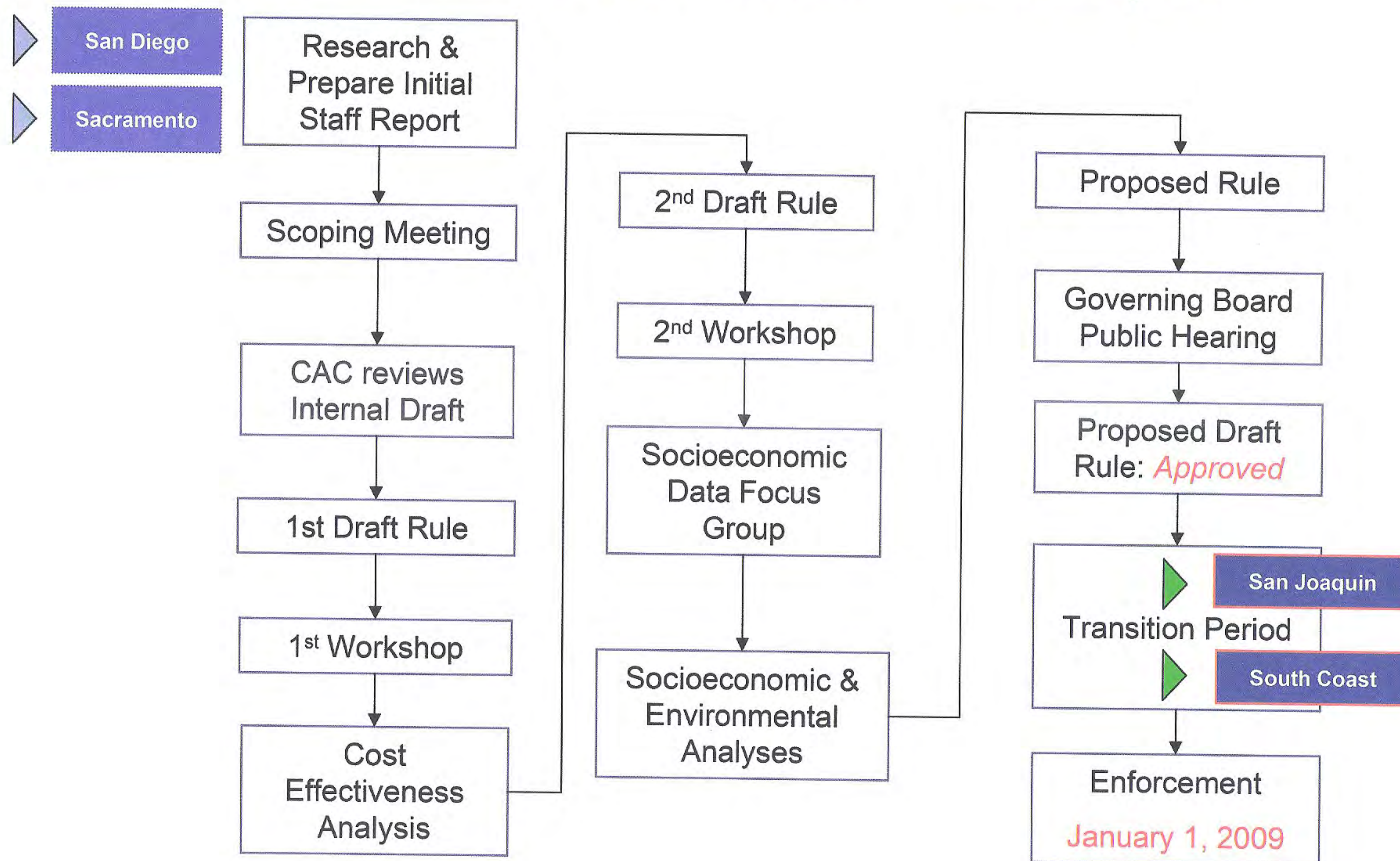
*  Approved  Not Approved

PPG Refinish System

Regulated Vehicle Refinishing Paint Type	Maximum Limit of VOC Content in Ready to Use Condition (grams/litre of paint, less water and less exempt compounds)		
	PPG Products	California and Canada Limits	European Union Limits
(1) Adhesion Promoter	D820 Plastic Adhesion Promoter	 540	
(2) Clear Coating	D800 MS Clear	 250 *Changed	
	D8109 Low VOC Clear	 420	420
(3) Colour Coating	Colour Basecoat	 420	420
(4) Multi-Colour Coating		680	
(5) Pretreatment Coating		660	
(6) Primer	D839 2K Primer		Primer
	D831 Wash Primer		Filler
	D8022 2K HS Filler		Surfacer
	Waterborne Epoxy Primer		Wash Prime
(7) Single-Stage Coating	2K DG Top Coat		
	2K HS DG Top Coat		
(8) Temporary Protective Coating		60	
(9) Truck Bed Liner Coating		310	
(10) Underbody Coating		430	
(11) Uniform Finish Coating		540	
(12) Other Vehicle Refinishing Coatings	D8113 Matt Clear	 250	840
* Preparatory and Cleaning	D837 Preparatory Cleaner		Preparatory 850 Pre-Cleaner 200
* Body Filler / Stopper	A656 Polyester Filler		250

*  Approved  Not Approved

California Rule Making Process : *Example*



Where & How Waterborne Fits

Regional/Global Segmentation Results – Regulation Dates

Strategic Segments Right to Operate

Americas

California '09
Canada '10
Other US

EMEA

European
Union

Asia

Korea '10
Hong Kong '10
Japan '?
Australia '12-'14
China '?'

Pacific

Production

++

++

++

*Must Value Sell before
Regulation*

Quality

+

++

++

Price/Gallon

--

--

--

I . VOC Regulation Update - Korea

 환경부	보 도 자 료		보도시점	자료배포일	매수
	담당 부서	대기보전국 대기관리과	김종률 과장/ 윤은정 사무관	'07.7	10 (사진 매)
02-2110-6788/ 016-254-9211					

2010년 도료의 휘발성유기화합물(VOC) 함유기준 예고

◇ 수도권 대기개선에 관한 특별법 시행규칙 개정안 입법예고('07.7.31~8.21)
- 수도권 대기관리권역에서 사용되는 도료에 대한 휘발성유기화합물(VOC)의 2010년 함유기준 설정

□ 환경부는 수도권 대기관리권역에서 판매되는 도료에 대한 휘발성유기화합물(VOC)의 2010년 함유기준을 강화하는 「수도권대기환경개선에 관한 특별법 시행규칙」 개정안을 마련하고, 7.31일자로 입법예고했다.

○ 특히, '07.7.10일에 2010년 함유기준(안)의 합의와 더불어 2010년부터 함유기준 적용 지역을 현행 수도권지역에서 전국으로 확대하기로 도료업계와 환경부간 합의가 이루어졌다.

2. 자동차보수용 도료

용 도 분 류	휘발성유기화합물 함유기준 (g/l)		
	2005년 7월 1일부터 2006년 12월 31일까지	2007년 1월 1일부터 2009년 12월 31일까지	2010년 1월 1일 이후
가. 워시프라이머	850 이하	780 이하	780 이하
나. 프라이머/서페이서	650 이하	580 이하	580 이하
다. 상도-single	650 이하	580 이하	500 이하
라. 상도-basecoat	650 이하	620 이하	500 이하
마. 상도-topcoat	650 이하	620 이하	500 이하
바. 특수기능도료	900 이하	840 이하	840 이하

Legislation pre-notice

- Seoul and its metropolitan will apply the legislation of new VOC regulation, effective Jan. 1st of 2010.
- Extension of new VOC regulation from current Seoul & its metropolitan to whole country is agreed in between paint suppliers and the ministry of Environment from 2010.

The CEPE guideline VOC values in Europe Vs. 2010 Korea new VOC values and California and Canada Limits

VOC Content limits(g / l)

RTS (Ready To Spray)	CEPE 1994 in Europe	VOC limit values from 2007 in Europe	Limit from 2009 In CA 2010 in Canada HK in 2010 (With Exempt)	Proposed limit from 2010 in Korea (plan) (With Exempt)
Wash primer	780	780	540	780
Primer / Surfacer	600-720	540	250	580
Single Stage	600-720	420	420 / 340 '10	500
Basecoat	800	420	420	500
Clearcoat	600	420	250	500
Specials	840	840	250	840

New VOC regulation in Seoul-Metro area / Korea

Refinish paint

Product Group	VOC Content limits(g/l)		
	01/07/2005 ~ 31/12/2006	01/01/2007 ~ (37 solvents : VOC)	01/01/2010(plan) (All solvents except exempt solvents : VOC)
A. Wash primer	850	780	780
B. Primer/Surfacer	650	580	580
C. Top-single stage	650	580	500
D. Top-basecoat	650	620	500
E. Top-clearcoat	650	620	500
F. Special product	900	840	840

Summary – EU Directive Preferred

Provides Equivalent VOC Reduction to SQMAD (California) Approach

- Critical homologations are driven from Europe. EU Directive Products are all approved. Maintenance of critical OEM approvals is easier and assured for EU Directive Products.
- Compliance is easier to enforce
- Drivers for cheating are reduced
- All Products are readily available in the region
- Many customers have already made the transition to the European LE Product Range
 - HS Primers and Clears
- Shift to SQAMD Products does not lower real emissions
 - Oxsol, Acetone are the primary solvents
 - They are emitted, but not counted
- Real Reduction of Emissions is the goal
 - SQMAD drives unneeded cost, which will encourage substitution of exempt components
 - Enforcement Recordkeeping for SQMAD regime is best managed on a computerized tracking system

Source of Supply for Major A/P Countries Mid '09

Country	Primer	Basecoat	Clearcoat
China	Jaiding, China Mechlen & Wuppertal	Jaiding, China Wuppertal, Germany	Jaiding, China Mechlen & Wuppertal
Korea	Jaiding, China Mechlen & Wuppertal	Jaiding, China Wuppertal, Germany	Jaiding, China Mechlen & Wuppertal
Japan	Jaiding, China Mechlen & Wuppertal	Jaiding, China Wuppertal, Germany	Jaiding, China Mechlen & Wuppertal
ASEAN	Jaiding, China Mechlen & Wuppertal	Jaiding, China Wuppertal, Germany	Jaiding, China Mechlen & Wuppertal
Australia	Jaiding, China Mechlen & Wuppertal	Mechlen & Wuppertal	Jaiding, China Mechlen & Wuppertal
India	Jaiding, China Mechlen & Wuppertal	Savli Mechlen & Wuppertal	Jaiding, China Mechlen & Wuppertal

ATTACHMENT 11

DAIMLERCHRYSLER

DaimlerChrysler AG · 70546 Stuttgart

Herrn
Heinze
DuPont Performance GmbH & Co.KG
Christbusch 25

D-42285 Wuppertal

Telefon/Phone
+49 (0)7 11 17-

Telefax/Fax
+49 (0)7 11 17-

Hauspost-Code
Internal Code

6 28 58

6 34 71

T403

Ihre Zeichen, ihre Nachricht vom
Your reference

Unser Zeichen, unsere Nachricht vom
Our reference

Name

Datum/Date

GSP/TCV

Heusslein

24. April 2006

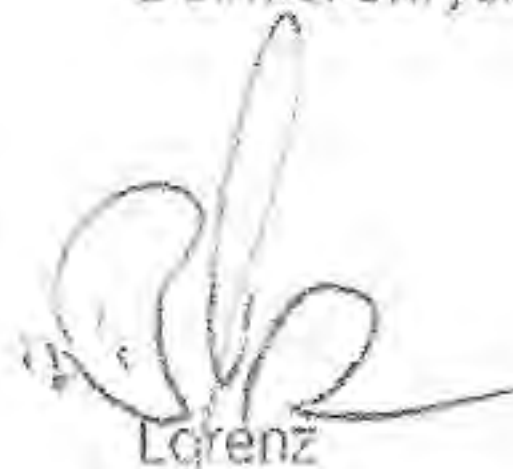
DuPont Refinish
DaimlerChrysler Repair Manual for Passenger Cars and Commercial Vehicles
Update Technical Approval, Edition 03/2006

Dear Mr. Heinze,

The product systems according the DaimlerChrysler "DPR Repair Manual for PC & CV, Edition 03/2006" correspond to our specifications in terms of paint technology and are approved for the specified refinishing paint systems at DaimlerChrysler. This approval covers DaimlerChrysler workshop areas only.

In accordance with the basic contract dated 18.01.2006 and signed by DaimlerChrysler and DuPont Performance GmbH & Co.KG for worldwide applicability so-called country-specific contracts have to be signed with the respective national centers.

Sincerely yours,
DaimlerChrysler AG



Lorenz



A. Heusslein

ATTACHMENT 12



Confidential

Comments
On
Public Consultation

June 18, 2008

Environment Protection Department
33/F, Revenue Tower, 5 Gloucester Road
Wanchai, Hong Kong

Attention: VOC Consultation – Vehicle Refinishing Paints
E-mail: VOCConsult@epd.gov.hk

Dear EPD Officer,

DuPont Performance Coatings manufactures paints and coatings for the Automotive Refinish industry and services many customers in Hong Kong. We are writing to respond to the Environment Protection Department (EPD's) Proposal for Control of VOC Emission, and offer comments as the EPD considers the best way to achieve VOC reductions in this industry.

Background:

The European Union (EU), United States, Canada and some other countries have promulgated regulations that will require significant changes in coatings technology to achieve mandated VOC emissions targets, particularly the conversion of the industry from solvent-born to water-born basecoats. These regulations in Europe and North America are targeted at improving air quality in targeted geographic areas that do not meet air quality attainment standards. The Automotive Refinish aftermarket repair industry is a small contributor to poor air quality, but industry emissions can be significantly lowered with available technology that is currently commercially available. This transition is a significant one for the automotive refinish industry in Hong Kong.

We understand the overseas practices are approaches under serious consideration by the EPD. There are two basic approaches under consideration; first the EU Directive 2004/42/EC and second the California Air Resources Board Suggested Control Measure for Vehicle Refinishing which is going in to effect in 2 air districts in California on 1/1/2009. This model has been adapted by Environment Canada for implementation in Canada effective 1/1/2010.

DuPont Performance Coatings recommends following EU Directive 2004/42/EC rather than the California Air Resources Board (CARB) regulation, because the EU Directive is simpler, easier to measure and implement by the government agency that must enforce compliance. Either regulatory model can provide lower emissions that benefit all stakeholders. The CARB Regulatory model utilizes exempt solvents that are emitted but do not count towards the calculated VOC of the product. In theory, the exempt solvents have lower air quality impact than conventional paint solvents. Exempt solvents create two distinct disadvantages. First, the exempt solvents are not ideal paint solvents. When the exempt solvent portions of a product are in an activator or reducer, conventional paint solvents can be easily substituted. When these substitutions are made, significant improvements in the performance of the final product are seen by the user and the lower emissions benefits obtained in theory through an exempt solvent are lost. CARB attempts to prevent these substitutions through complicated VOC tracking and logging in each bodyshop.

This difficult enforcement regimen is the second issue created via exempt solvents. The higher solids required under the EU Directive are achievable under currently available paint technology, in fact many forward thinking customers in A/P have already adopted these products. The high solids products compliant under the EU Directive provide nearly equivalent emissions reductions combined with an easier enforcement regimen.

We understand EPD's concerns around VOC emissions and the role those emissions play in generating particulate matter and ozone in Hong Kong (HK), and we support their efforts to improve air quality. We believe the effect of the proposed conversion to waterborne basecoat technology will dramatically change how the industry operates and we believe we need sufficient time to organize training, new supply logistics and collision repair shop conversions and to absorb the financial impact to our business. This is an extremely challenging conversion, yet we remain very bullish that this new technology will be successful in providing high quality coatings for our industry, while achieving substantial improvements in environmental performance. We request that sufficient time be allowed for an orderly transition as these regulations could significantly change the structure of the industry. While water-born technology has been demonstrated, implementation entails overcoming numerous practical and logistical problems and will require substantial time to put all the needed pieces of the puzzle in place. Accordingly we request the EDP plan for implementation of rule changes modeled after the EU Directive 2004/42/EC to occur no sooner than January 1, 2011. Supporting details follow.

The magnitude of the proposed regulation is such that it has the capability of seriously disrupting the coatings manufacturing and collision repair industry in HK. As there are more than 1,000 body shops in HK, converting these body shops from solvent-born basecoats to water-born basecoat will be a daunting challenge for the industry. The first two countries in Europe to complete a similar conversion saw 20% of collision repair businesses close in Britain and 25% close in Holland. We have significant concerns about the impact on the industry as a product of body shop closings and resultant unemployment. DuPont requests enough time to properly convert customers and avoid unnecessary shop closings, building off the experiences gained in current similar conversions in process in Europe and California.

Cleaning and Preparation

Waterborne basecoat products will require improved temperature control in the shop before, during and after the application process. Air supply and prepared surfaces must be clean and absolutely oil-free. The shop must be significantly cleaner than current industry standards as every bit of oil-based contamination landing on the wet film will cause large paint surface craters requiring repainting.

Equipment needs

Waterborne basecoats will not dry as well as solvent borne basecoats in current existing shops in HK for most days of the year. Accelerated airflow will be needed to attain acceptable productivity and quality no matter what type of spray booth exists in the shop.

At the minimum we expect shops with even the best downdraft heated booths need to spend a minimum of HK\$12,000 per booth for air movement equipment to successfully use waterborne basecoats. For clarity, the air acceleration equipment uses the existing air compressor for its source of air. This in many cases will overtax many existing compressors. A large percentage of shops will require a new compressor at a cost in excess of HK\$70,000 to make the air acceleration equipment work to dry the waterborne basecoats.

The best systems available for improving airflow for waterborne paint application are "quad" style air blowing systems that cost up to HK\$140,000. We expect many of the production-focused shops will purchase this kind of systems.

In addition, dedicated stainless steel spray guns for waterborne topcoats will also be needed at a cost of HK\$4,000 per gun per painter (minimum 2 guns per location) and a new dedicated waterborne gun washer at HK\$10,000.

We are unsure how successful shops will be using waterborne basecoats in cross draft booths. At a

minimum they will need the air acceleration equipment and a high probability of a new compressor.

For waterborne topcoats to dry, humidity and temperature will need to be managed.

- High humidity will dramatically reduce shop productivity.
- Temperature stabilization in the shop will also be a major requirement in winter for drying the basecoat and storing the waterborne basecoat.
- A minimum temperature of 20 °C is required in the storage and mixing areas as well as in the booth air. The maximum storage temperature of 38 °C may require modification of storage facilities to ensure quality is maintained.
- At a 10,000 cfm exhaust air flow, this will add at least HK\$30,000/yr operating costs to some shops.

Distribution & Manufacturers Requirements

Manufacture of water-born coatings requires special stainless steel manufacturing equipment, not currently available to DuPont in AP regions. The supply chain for Hong Kong will require trans-oceanic shipment of material from Europe.

To manage the distribution of waterborne products, coatings distributors and manufacturers will need to modify their operations to be able to receive, store and ship products in a controlled temperature environment. This will add significant costs

Distribution and coatings manufacturers will need to remove/ replace paint, upgrade mixing machine lids to stainless steel, and train all personnel in the shop and distribution channel. Minimum cost HK\$60,000/shop.

Changes in Training

All shop painters and managers in HK will need retraining starting with the application, handling and disposal basics for water-born basecoats and low VOC solvent borne products. Training will need to address in excess of 3,000 people.

Conversion timing

The collision repair industry in HK is estimated to comprise over 1,000 shops. A shop with a mixing machine requires a conversion process encompassing 10 working days spread out over 4-5 months to conduct shop assessments, order and supply equipment (and installation) and complete the conversion and training. For DuPont to convert more than 600 shops that have mixing machines we will need 6,000 conversion-days. Assuming there are 200 working days in a year that means that we would need 30 person-years of effort to do the in-shop conversions.

We also estimate the need for off site training at a DuPont jobber accredited technical training facility encompassing 1800 people to be trained for 3 days each. We have one application training center in HK, having a total maximum capacity of 800 people/year. We believe it will take until 2011 before we have trained sufficient numbers of painters/ owners/ managers on the safe handling and correct application of these new products.

ISSUES SUMMARY

Regulation Reference

We believe EU Directive 2004/42/EC is more suitable for reference as other Asia Pacific countries who have and will have VOC controls are using these regulations as a basis. DuPont Performance Coatings in the AP region, including Hong Kong, uses paint systems from the EU and has an established supply chain with the EU. The regulations proposed in the EU Directive 2004/42/EC have the added benefit of being easier to enforce and more difficult to cheat. The CARB proposed regulations based on exempt solvent are difficult to enforce at the field level and enable cheating by substitution of exempt solvent containing components.

Compliance Date

DuPont must convert up to 600 shops to new expensive technologies. We believe we need at least more than 2 years to complete this task and to ensure sustainability of many shops in HK.

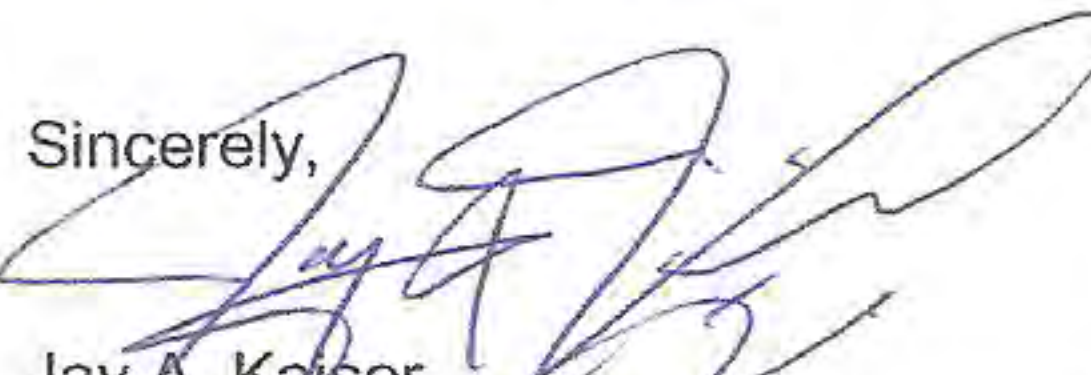
We believe water-born technology is a win-win situation for industry and the environment. It combines terrific looking finishes with substantial environmental benefits. But we think it important that water-born not get a "black eye" from too hasty introduction before the market is properly prepared. We ask for a final date of January 1, 2011.

Industry Costs

We project the cost of conversion per shop will be in excess of HK\$200,000 and the total industry-wide cost will be in excess of HK\$200 million. We expect a significant reduction in the number of shops and a dramatic increase in wait times for repairs as a consequence. We cannot estimate what the industry impact would be if the conversion date were to be required before January 1, 2011.

In closing we would like to express our support of the direction of the EPD. Thank you for the opportunity to comment and we look forward to constructive dialogue in future. We would be happy to share our experiences with waterborne regulations in California, Canada and Europe in any way that would help the EPD achieve the air quality improvements in Hong Kong.

Sincerely,



Jay A. Kaiser
DPC Refinish Asia Pacific Product Manager

DuPont China Holding Co., Ltd. (Shanghai Branch)

DuPont Trading (Shanghai) Co., Ltd.
399 Keyuan Road, Bldg11,
Zhangjiang Hi-Tech Park, Pudong New District
Shanghai 201203, PRC
Tel: (8621) 38622888

Regions & Air Districts Impacted: *California View*

California Air Resources Board:

- Consists of 11 board members which are appointed by the Governor with the consent of the Senate.
- The CARB selection must consist of the following: A board member from each of the five air districts:
 - San Diego Air Pollution Control District, San Francisco Bay Area Air Quality Management District, San Joaquin Valley Unified Air Pollution Control District, South Coast Air Quality Management District
 - One additional member from any other Air District

California Air Districts:

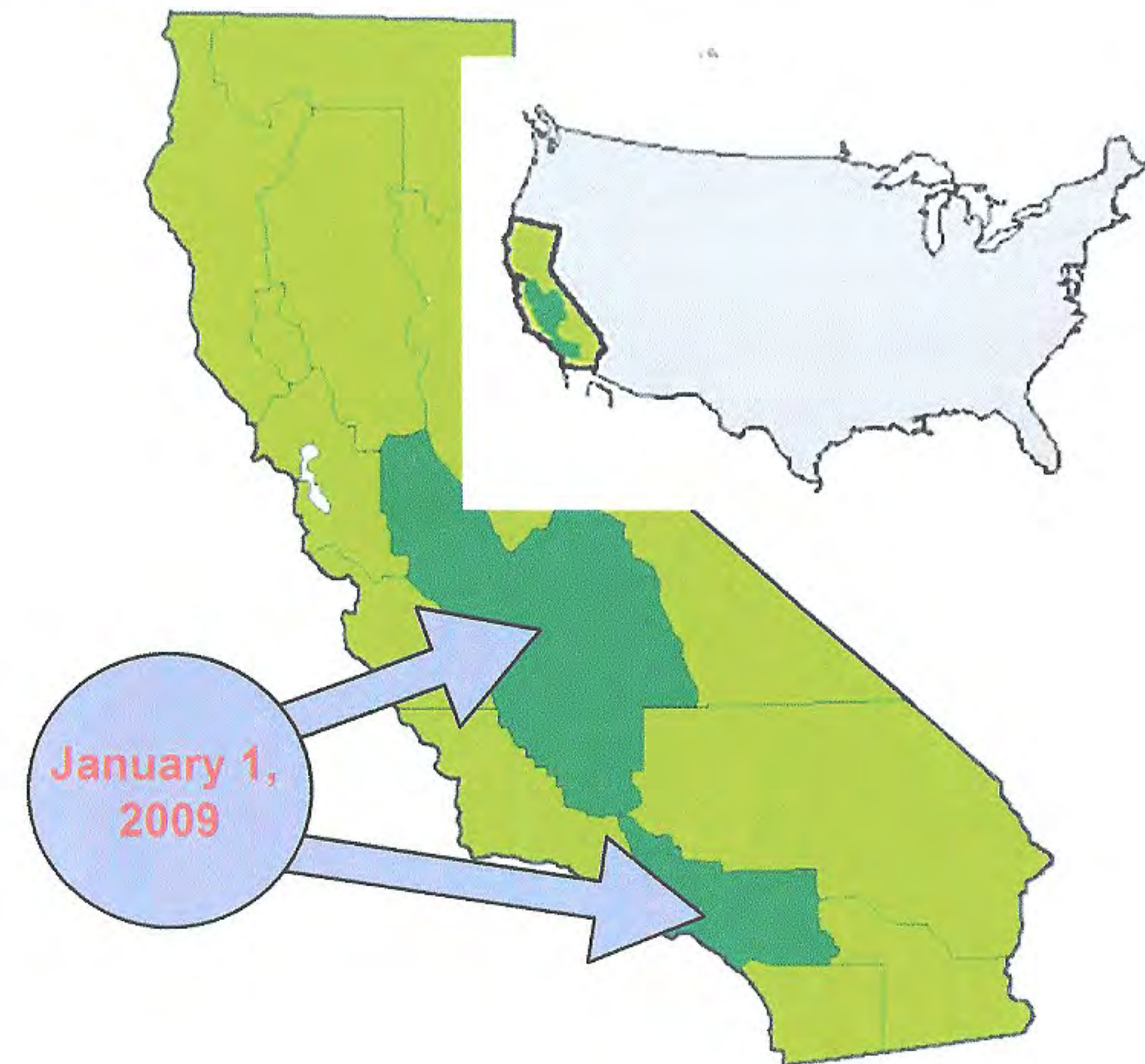
- 15 Air Basins
 - 35 Individual "Air Districts"

2 Air Districts: January 1, 2009

- San Joaquin Valley Unified Air Pollution Control
- South Coast Air Quality Management District

33 Remaining Air Districts

- Estimated 2009 - 2011



Regions & Air Districts Impacted: *North America View*

