

**立法會**  
**Legislative Council**

LC Paper No. CB(1)233/17-18(05)

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**Panel on Environmental Affairs**

**Meeting on 27 November 2017**

**Background brief on support for local recycling industry  
prepared by the Legislative Council Secretariat**

**Purpose**

This paper provides background information on the Government's measures to support the development of the local recycling industry, and gives a brief account of the views and concerns expressed by Members on the subject.

**Background**

2. According to government statistics, in 2015, about 35% (2.03 million tonnes) of municipal solid waste ("MSW") was recovered from the waste stream for recycling, and about 65% (3.71 million tonnes) of MSW was landfilled.<sup>1</sup> Of the MSW recovered, 2% was recycled locally and 98% was exported to the Mainland and other countries for recycling. A breakdown of the quantities of major materials recovered/recycled in 2015 is set out in the table below:

Type	Quantity of waste (tonne)				
	Paper	Plastics	Ferrous metals	Non-ferrous metals	Others
Exported	896 300	88 500	863 600	84 300	54 500
Recycled locally	0	5 400	0	100	40 100

(Source: <http://www.wastereduction.gov.hk/>)

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<sup>1</sup> MSW comprises domestic, commercial and industrial solid waste, and excludes construction and demolition waste, chemical waste and other special waste.

## Recycling operations in Hong Kong

3. According to a survey conducted by the Government in 2015, there were about 2 000 companies and organizations engaged in recycling operations in Hong Kong. Around 95% of them employed less than 50 employees, and were limited to a simple mode of collection, storage, sorting, baling then exporting. Around two thirds of recyclables by weight were exported to the Mainland, followed by other Southeast Asian jurisdictions such as Vietnam and Taiwan. With the tightening control on imports of recyclables in various markets, these small recyclers need to strengthen their capacity and quality of recycling processes in order to remain commercially viable.

## Government's strategies and measures to support the local recycling industry

4. In May 2013, the Administration published the "Hong Kong: Blueprint for Sustainable Use of Resources 2013-2022" ("2013 Blueprint") mapping out a comprehensive strategy, targets, policies and action plans for waste management up to 2022. One of the key initiatives in the 2013 Blueprint is to foster the development of the local recycling industry. To facilitate collaboration between relevant bureaux and departments in furtherance of the objectives in the 2013 Blueprint, the Administration set up in August 2013 the Steering Committee to Promote the Sustainable Development of the Recycling Industry under the chairmanship of the Chief Secretary for Administration. Since its establishment, the Steering Committee has engaged the recycling trade and other stakeholders in exploring ways to promote the sustainable development of the recycling industry and support recycling operations. The key measures implemented by the Administration in this regard are summarized below.

### *Recycling Fund*

5. The \$1 billion Recycling Fund was launched in October 2015 with the objective of facilitating the sustainable development of the local recycling industry through upgrading their operational effectiveness and capacity. It comprises two parts, namely the Enterprise Support Programme ("ESP") and the Industry Support Programme ("ISP"). ESP provides project-based matching funds for individual recyclers to upgrade and expand their waste recycling operations. ISP provides funding for non-profit-distributing organizations to undertake non-profit-making projects to enhance the overall capability and productivity of the local recycling industry.

### *Infrastructural support for recycling operations*

6. The EcoPark in Tuen Mun aims to provide long-term land at affordable cost for the development of the recycling and environmental industry.<sup>2</sup> It has a total land area of 20 hectares and rentable area of 14 hectares. The basic physical infrastructure of the EcoPark is built and funded by the Administration. Individual recyclers can acquire an area of land at affordable costs with tenures sufficiently long to justify their investments in higher value-added operations.

7. Separately, the Administration has been providing short-term tenancy sites for exclusive use by recycling operations.<sup>3</sup> Apart from the above, 16 berths in public cargo working areas have been designated for exclusive bidding by waste paper recyclers to ensure a stable supply of export facilities for the industry. The Administration has also commissioned a consultancy study on the long-term land requirements of the recycling industry so as to facilitate the formulation of appropriate support measures. The study is expected to be completed in end 2017.

### *Green procurement*

8. The Administration has been taking the lead to adopt a green procurement policy to boost the demand for recycled products. Government departments are encouraged to purchase green products as far as possible and where economically rational. The Administration's Green Procurement List now covers 150 items with updated green specifications and is being promoted to quasi-government organizations as well as the private sector.

### Director of Audit's Report No. 65

9. In October 2015, the Director of Audit completed a review to examine the Government's efforts in managing MSW and a relevant report was published in the Director of Audit's Report No. 65 ("the Audit Report"). The Audit Report made a number of recommendations for the Government to, among other things, promote the sustainable development of the waste plastics recycling industry through the Recycling Fund and improve the management of tenancies of the EcoPark. The Public Accounts Committee of the Legislative Council noted that

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<sup>2</sup> The EcoPark was developed under two phases, comprising six land lots under Phase 1 (Lots 1 to 6) which had been made available for leasing since December 2006, and 10 lots under Phase 2 (Lots 7 to 16) which had been made available for leasing from October 2009 to July 2012.

<sup>3</sup> According to the Environmental Protection Department, by March 2017, 32 sites covering 4.8 hectares had been allocated to recyclers of a wide range of materials, such as paper, metals, plastics, textile, wood, glass and rubber tyres.

the Administration agreed to follow up the Audit Report's relevant recommendations. For instance, the Administration undertook to support the installation of equipment by recyclers through the Recycling Fund to enhance the value of plastic recyclables, continue to carry out promotional and publicity work to drive behaviour change with a view to improving the cleanliness of waste plastics and other recyclables, and step up lease enforcement actions at the EcoPark.

### **Major views and concerns expressed by Members**

10. The Panel on Environmental Affairs ("EA Panel") and the Subcommittee on Refuse Collection and Resource Recovery discussed measures to support the local recycling industry and promote waste separation and recovery at various meetings. The proposal for establishing the Recycling Fund was approved by the Finance Committee at its meeting on 17 July 2015. Questions relating to recycling of waste paper and plastics and the operation of the Recycling Fund were raised by Members at various Council meetings. The major views and concerns expressed by Members at these meetings are summarized in the ensuing paragraphs.

#### Operation of the Recycling Fund

11. As some recyclers had expressed concern that applications for subsidies under the Recycling Fund involved rather high administration fees and complicated procedures, Members queried the effectiveness of the Fund in addressing the operational and financial difficulties of the local recycling industry. They also asked about the major reasons for rejecting applications.

12. The Administration advised that to minimize the administrative burden of small and medium enterprises ("SMEs") in making applications, the Recycling Fund secretariat had launched a series of facilitation measures including the establishment of Small-scale Standard Projects ("SSPs"), a new category under ESP, with a set of streamlined rules and procedures. To help SSP applicants overcome cash flow crunch, partial reimbursement of expenses of an SSP would be provided midway through the project period upon meeting significant milestones, instead of full reimbursement upon completion of the project. In 2017, new theme-based solicitation schemes were introduced under SSPs with a view to meeting the current needs and development trend of the recycling industry.<sup>4</sup> According to the Recycling Fund secretariat, as at

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<sup>4</sup> According to the Administration, funding has been earmarked under theme-based schemes for the procurement of equipment by local recyclers (in particular waste paper and plastics recyclers) to help them fulfil the Mainland's new import requirements for recyclables.

November 2017, 137 applications have been approved under the Recycling Fund.<sup>5</sup>

13. Regarding the major reasons for rejecting applications, the Administration advised that all applications were considered by the Advisory Committee on the Recycling Fund with reference to a set of published vetting criteria. Some applications were not supported for reasons specific to the individual projects, e.g. the proposed projects failed to demonstrate how they would divert waste from landfills. Some applications were not supported as their proposed projects were outside the scope of the Recycling Fund. The Administration and the secretariat of the Recycling Fund had been following up with unsuccessful applicants to assist them in modifying or enhancing their proposals for resubmission.

14. Some Members suggested that the Administration should support research and development projects as well as business skills upgrading in the recycling industry through the Recycling Fund. The Administration responded that it was the main purpose of ISP under the Fund to enhance the overall capability and productivity of the recycling industry. Potential projects under ISP included programmes for promoting recycling technology and upgrading the operational capability of the industry. As an example, an approved project under ISP was to develop an online platform for recyclers to share market information and to enhance their operational capability and efficiency. In addition, the Hong Kong Productivity Council had been conducting periodic technological studies on matters relating to the industry, and would share the study findings with the industry on new technologies that could enhance its operations.

#### Recyclables of low commercial value

15. Members opined that the Administration should devise targeted measures to improve the recovery and recycling rates of recyclables of low commercial value such as waste plastics. This could be done partly by facilitating collection and transportation of bulky recyclables and reducing the

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<sup>5</sup> Except for approved applications that were subsequently withdrawn, 105 funded projects have already commenced or are about to commence. Among which, 98 are under ESP (77 of which are SSPs), and 7 are under ISP. The total amount of funding approved in these 105 projects is about \$80 million.

associated costs.<sup>6</sup> To stabilize the development of the local recycling industry in face of the fluctuating market prices of recyclables, Members also suggested that the Administration should make reference to Taiwan and provide price subsidies in respect of recyclables. The price subsidies might be calculated on the basis of, among other factors, the landfilling costs of recyclables if they were not recovered from the waste stream.

16. The Administration advised that it was committed to implementing the initiatives set out in the 2013 Blueprint to promote the sustainable development of the recycling industry. Among other things, the Administration would:

- (a) implement producer responsibility schemes on various products and the MSW charging scheme, which would facilitate the recycling of recyclables of low commercial value;
- (b) continue to assist recyclers in upgrading their operational efficiency through the Recycling Fund;
- (c) strengthen logistical support for the collection of different recyclables through Community Green Stations; and
- (d) boost the local demand for green and recycled products with its green procurement policy.

17. The Administration did not consider it appropriate to provide direct subsidies to individual recyclers to help them maintain an otherwise unprofitable business; nor did it have plans to provide price subsidies for specific types of recyclables. The Administration supplemented that a "pay-per-tonne" kind of subsidy for recyclables would require the determination of the price baseline and the appropriate level of subsidy. Given the changing market situations as well as the variation in the costs of collection and recycling, it was difficult to determine the level of subsidy.

#### Recycling facilities in the community and public education

18. Members urged the Administration to tackle the challenges of waste reduction, recovery and recycling in a holistic manner. For instance, as the introduction of MSW charging in Hong Kong was expected to raise the quantity of recyclables separated from the waste stream, the Administration should

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<sup>6</sup> There were suggestions that the Administration should facilitate in-situ source separation, recovery and preliminary recycling of waste collected at refuse collection points, and provide compressors or reverse vending machines at residential estates and public areas to reduce the volume of plastics or aluminium containers recovered.

enhance the resource recovery and recycling facilities in the community and step up public education efforts to complement the implementation of MSW charging.

19. The Administration assured Members that it would formulate complementary measures to tie in with the implementation of MSW charging. In particular, a Steering Group on the Modification of Recycling and Refuse Collection Facilities in Public Places ("Steering Group") was set up in February 2016 to review the existing designs and distribution of recycling bins, litter containers and refuse collection points, and recommend modifications to those facilities as appropriate. It was expected that the Steering Group would announce its recommendations in 2018. According to the Administration, the number of recycling bins in private and public places would be gradually increased to facilitate source separation of waste.

20. Regarding public education, the Administration advised that the Environmental Campaign Committee ("ECC") launched the Clean Recycling Campaign in collaboration with the Environmental Protection Department in 2015 to promote source separation of waste for clean recycling. The campaign included a series of activities such as roving exhibitions and TV episodes. ECC had also engaged non-profit organizations to carry out education and promotional activities on clean recycling at around 100 private housing estates to raise residents' awareness about clean recycling. Intensive training and information sharing activities had been provided to frontline staff of property management companies and residents' associations to enhance their capability to commit and sustain long-term efforts in clean recycling.

### **Recent development**

21. In July 2017, the State Council promulgated the "Implementation Plan on Advancing Reform of the Administration System on Import of Solid Wastes through Prohibiting Import of Foreign Rubbish" ("the Plan"). The Plan sets the targets of (i) comprehensively banning the import of solid waste that causes serious pollution by the end of 2017, and (ii) gradually phasing out the import of solid waste that can be substituted by domestic resources by the end of 2019. Key measures introduced under the Plan include:

- (a) banning the imports of waste plastics from daily sources, unsorted scrap paper, discarded textile materials, etc., by the end of 2017;
- (b) putting in place more stringent requirements on solid waste imports;  
and

- (c) reducing approvals of import licences for solid waste.

An extract from the Plan (Chinese version only) is in **Appendix I**.

22. In September 2017, some Hong Kong waste paper exporters complained that their buyers in the Mainland could no longer obtain approval documents for import of waste paper due to the implementation of the Plan, leading to a pileup of stock in Hong Kong. The Administration met with the Ministry of Environmental Protection ("MEP") and relayed the concerns of Hong Kong's waste paper recyclers about the impacts of the Plan on the local recycling operations. According to MEP, the Mainland still had quotas available for importing several million tonnes of waste paper before the end of 2017, but the quotas available for Hong Kong recyclers would be subject to individual enterprises' commercial considerations. The Administration also advised that it had been maintaining close liaison with the local recycling trade, and was given to understand that some trade practitioners could continue to export local recyclables to the Mainland.

23. In October 2017, the Administration announced in the Chief Executive's 2017 Policy Address that it would implement a host of measures to help local recyclers, especially SMEs, cope with the latest import requirements of the Mainland for recyclables. The Administration advised that it would:

- (a) fine-tune the operation of the Recycling Fund step-by-step to assist the recycling industry in expanding and upgrading their businesses;
- (b) provide better support for collecting recyclables with lower economic value through enhanced cooperation with non-governmental organizations and stakeholders, including implementing central collection of waste plastic bottles; and
- (c) study the feasibility of incubating a local manufacturing industry using recycled materials through, among other things, reviewing the use of land and ancillary facilities at the EcoPark.

### **Relevant Council questions**

24. At the Council meeting of 25 October 2017, Hon Kenneth LEUNG and Hon Martin LIAO raised questions on how the Administration would render support to recyclers for meeting the Mainland's tightened requirements for import recyclables and exploring other outlets and markets for locally-generated recyclables. The questions and the Administration's replies are hyperlinked in **Appendix II**.



### **Latest development**

25. At the EA Panel meeting on 27 November 2017, the Administration will brief the Panel on the host of initiatives to upgrade the local recycling industry and strengthen waste reduction and recycling support at the community level, in order to rise to the challenges presented by meeting the Mainland's tightened requirements for import recyclables which will gradually take effect from early 2018 onwards.

### **Relevant papers**

26. A list of relevant papers is set out in **Appendix II**.

Council Business Division 1  
Legislative Council Secretariat  
23 November 2017

### 《禁止洋垃圾入境推進固體廢物進口管理制度改革實施方案》 (節錄)

#### 總體要求

**基本原則：**堅持疏堵結合、標本兼治。調整完善進口固體廢物管理政策，持續保持高壓態勢，嚴厲打擊洋垃圾走私；提升國內固體廢物回收利用水平。堅持穩妥推進、分類施策。根據環境風險、產業發展現狀等因素，分行業分種類制定禁止進口的時間表，分批分類調整進口固體廢物管理目錄；綜合運用法律、經濟、行政手段，大幅減少進口種類和數量，全面禁止洋垃圾入境。堅持協調配合、狠抓落實。各部門要按照職責分工，密切配合、齊抓共管，形成工作合力，加強跟蹤督查，確保各項任務按照時間節點落地見效。地方各級人民政府要落實主體責任，切實做好固體廢物集散地綜合整治、產業轉型發展、人員就業安置等工作。

**主要目標：**嚴格固體廢物進口管理，2017 年年底前，全面禁止進口環境危害大、群眾反映強烈的固體廢物；2019 年年底前，逐步停止進口國內資源可以替代的固體廢物。通過持續加強對固體廢物進口、運輸、利用等各環節的監管，確保生態環境安全。保持打擊洋垃圾走私高壓態勢，徹底堵住洋垃圾入境。強化資源節約集約利用，全面提升國內固體廢物無害化、資源化利用水平，逐步補齊國內資源缺口，為建設美麗中國和全面建成小康社會提供有力保障。

#### 完善堵住洋垃圾進口的監管制度

**禁止進口環境危害大、群眾反映強烈的固體廢物：**2017 年 7 月底前，調整進口固體廢物管理目錄；2017 年年底前，禁止進口生活來源廢塑料、未經分揀的廢紙以及紡織廢料、釩渣等品種。

**逐步有序減少固體廢物進口種類和數量：**分批分類調整進口固體廢物管理目錄，大幅減少固體廢物進口種類和數量。

**提高固體廢物進口門檻：**進一步加嚴標準，修訂《進口可用作原料的固體廢物環境保護控制標準》，加嚴夾帶物控制指標。印發《進口廢紙環境保護管理規定》，提高進口廢紙加工利用企業規模要求。

**完善法律法規和相關制度：**修訂《固體廢物進口管理辦法》，限定固體廢物進口口岸，減少固體廢物進口口岸數量。完善固體廢物進口許可證制度，取消貿易單位代理進口。增加固體廢物鑒別單位數量，解決鑒別

難等突出問題。適時提請修訂《中華人民共和國固體廢物污染環境防治法》等法律法規，提高對走私洋垃圾、非法進口固體廢物等行為的處罰標準。

*保障政策平穩過渡*：做好政策解讀和輿情引導工作，依法依規公開政策調整實施的時間節點、管理要求。綜合運用現有政策措施，促進行業轉型，優化產業結構，做好相關從業人員再就業等保障工作。

### 強化洋垃圾非法入境管控

*持續嚴厲打擊洋垃圾走私*：將打擊洋垃圾走私作為海關工作的重中之重，嚴厲查處走私危險廢物、醫療廢物、電子廢物、生活垃圾等違法行為。深入推進各類專項打私行動，加大海上和沿邊非設關地打私工作力度，封堵洋垃圾偷運入境通道，嚴厲打擊貨運渠道藏匿、偽報、瞞報、倒證倒貨等走私行為。對專項打私行動中發現的洋垃圾，堅決依法予以退運或銷毀。聯合開展強化監管嚴厲打擊洋垃圾違法專項行動，重點打擊走私、非法進口利用廢塑料、廢紙、生活垃圾、電子廢物、廢舊服裝等固體廢物的各類違法行為。對廢塑料進口及加工利用企業開展聯合專項稽查，重點查處倒賣證件、倒賣貨物、企業資質不符等問題。

*加大全過程監管力度*：從嚴審查進口固體廢物申請，減量審批固體廢物進口許可證，控制許可進口總量。加強進口固體廢物裝運前現場檢驗、結果審核、證書簽發等關鍵控制點的監督管理，強化入境檢驗檢疫，嚴格執行現場開箱、掏箱規定和查驗標準。進一步加大進口固體廢物查驗力度，嚴格落實"三個 100%"(已配備集裝箱檢查設備的 100%過機，沒有配備集裝箱檢查設備的 100%開箱，以及 100%過磅)查驗要求。加強對重點風險監管企業的現場檢查，嚴厲查處倒賣、非法加工利用進口固體廢物以及其他環境違法行為。

[資料來源：摘錄自國務院辦公廳就《禁止洋垃圾入境推進固體廢物進口管理制度改革實施方案》發布的[通知](#)]

Support for local recycling industry

List of relevant papers

Date	Event	Paper
16 December 2013	Meeting of the Panel on Environmental Affairs ("EA Panel")	Administration's paper on "Promotion of recycling industry" (LC Paper No. <a href="#">CB(1)500/13-14(03)</a> )  Minutes of meeting (LC Paper No. <a href="#">CB(1)1103/13-14</a> )
27 January 2014	EA Panel meeting	Administration's supplementary paper on "Promotion of recycling industry" (LC Paper No. <a href="#">CB(1)787/13-14(03)</a> )  Minutes of meeting (LC Paper No. <a href="#">CB(1)1291/13-14</a> )
23 July 2014	EA Panel meeting	Administration's paper on "Measures to promote the recycling industry and establishment of the Recycling Fund" (LC Paper No. <a href="#">CB(1)1814/13-14(03)</a> )  Minutes of meeting (LC Paper No. <a href="#">CB(1)61/14-15</a> )
17 July 2015	Meeting of the Finance Committee	Administration's paper on "Recycling Fund" ( <a href="#">FCR(2015-16)25</a> )  Minutes of meetings (LC Paper No. <a href="#">FC65/15-16</a> ) (LC Paper No. <a href="#">FC66/15-16</a> )  Administration's follow-up paper (LC Paper No. <a href="#">FC248/14-15(01)</a> )
28 November 2016	EA Panel meeting	Administration's paper on "Implementation of the Recycling Fund" (LC Paper No. <a href="#">CB(1)158/16-17(04)</a> )

Date	Event	Paper
		Minutes of meeting (LC Paper No. <a href="#">CB(1)369/16-17</a> )
November 2016 – September 2017	Subcommittee on Refuse Collection and Resource Recovery	Report of the Subcommittee (LC Paper No. <a href="#">CB(1)27/17-18</a> )
27 March 2017	EA Panel meeting	Administration's paper on "Implementation arrangements for municipal solid waste charging" (LC Paper No. <a href="#">CB(1)697/16-17(01)</a> )  Minutes of meeting (LC Paper No. <a href="#">CB(1)1268/16-17</a> )
24 April 2017	EA Panel meeting	Administration's paper on "Manpower arrangements for implementation of measures on waste reduction and recycling" (LC Paper No. <a href="#">CB(1)824/16-17(03)</a> )  Minutes of meeting (LC Paper No. <a href="#">CB(1)1297/16-17</a> )
29 May 2017	EA Panel meeting	Administration's paper on "Implementation arrangements for municipal solid waste charging" (LC Paper No. <a href="#">CB(1)697/16-17(01)</a> )
30 October 2017	Policy briefing cum meeting of EA Panel	Administration's paper on "2017 Policy Address - Policy initiatives of Environment Bureau: Environmental protection" (LC Paper No. <a href="#">CB(1)75/17-18(01)</a> )  Administration's paper on "Implementation of municipal solid waste charging" (LC Paper No. <a href="#">CB(1)126/17-18(02)</a> )

**Hyperlinks to Director of Audit's Report No. 65 and Public Accounts Committee report:**

<b>Date</b>	<b>Reports</b>
27 October 2015	Director of Audit's Report No. 65: <a href="#">Chapter 1</a> on "Government's efforts in managing municipal solid wastes"
17 February 2016	Public Accounts Committee Report No. 65: <a href="#">Chapter 1 of Part 8</a> on " Government's efforts in managing municipal solid wastes "

**Hyperlink to relevant document:**

<b>Government bureau</b>	<b>Document</b>
Environment Bureau	<a href="#">Hong Kong Blueprint for Sustainable Use of Resources 2013-2022</a>

**Hyperlinks to relevant Council Questions:**

<b>Date</b>	<b>Council Question</b>
28 October 2015	<a href="#">Press release</a> on Council question (written) raised by Hon KWOK Wai-keung
16 December 2015	<a href="#">Press release</a> on Council question (written) raised by Hon CHAN Hak-kan
21 June 2017	<a href="#">Press release</a> on Council question (oral) raised by Ir Dr Hon LO Wai-kwok
25 October 2017	<a href="#">Press release</a> on Council question (oral) raised by Hon Kenneth LEUNG
25 October 2017	<a href="#">Press release</a> on Council question (written) raised by Hon Martin LIAO