

MINUTES of the meeting of the Hong Kong Business Coalition on the Environment (BCE) held on 10 May 2010 at 4:00 pm in the Hong Kong General Chamber of Commerce.

Chairman/Convenor

Jens-Erik Olsen Danish Chamber of Commerce Hong Kong

Guests

Dr Thomas Tang AECOM
Mike Kilburn Civil Exchange
Joanne Ooi Clean Air Network

Members

Douglas Woodring American Chamber of Commerce in Hong Kong
Christine Bruckner American Institute of Architects (Hong Kong Chapter)
Helen Cochrane Australian Chamber of Commerce in Hong Kong
Christopher Hammerbeck British Chamber of Commerce in Hong Kong
Dr Andrew Thomson Business Environment Council
Fergus O'Rorke Canadian Chamber of Commerce in Hong Kong
Alfred Lee Chinese General Chamber of Commerce
Paul Zimmerman Dutch Chamber of Commerce in Hong Kong
Kin-mei Kwan Federation of Hong Kong Industries
Catherine Pielawa-ko French Chamber of Commerce & Industry in Hong Kong
Wolfgang Ehmann German Chamber of Industry & Commerce HK, S China, Vietnam
Dr Glenn Frommer Hong Kong General Chamber of Commerce
Adrian Cheung Hong Kong General Chamber of Commerce
Merrin Pearse New Zealand Chamber of Commerce in Hong Kong
Peter Chow Singapore Chamber of Commerce (Hong Kong)
Enzo Cunico Swiss Chamber of Commerce in Hong Kong

Meeting Secretary

Thinex Shek Hong Kong General Chamber of Commerce

The Chairman convened the meeting and informed members that Mr Mike Kilburn was required to leave soon due to his flight travel. Members agreed to move forward the briefing on Hong Kong Bus Franchising System, of which the findings of the study had just been released by the Civic Exchange.

3. Briefing on Hong Kong Bus Franchising System

The Civic Exchange conducted a study in November 2009 to look into the issue of bus pollution and solutions. Mr Mike Kilburn told members that:

- 3.1 Buses contribute up to 40% of roadside emissions during peak hours. The Pre-Euro, Euro I and Euro II comprised 77% of the fleet in mid 2009.

- 3.2 Bus companies and their franchises are managed by the Transport Department (TD) under the mandate to run cheap, plentiful and roadworthy public transport services. Pollution impacts have not been the key concern of the Department, although it has the authority to require clean hardware such as the catalytic converters and other new technologies.
- 3.3 Of those 19 measures of the AQO consultation, the proposed low emission zones have raised the most concerns among the bus companies as they would have to increase their capital assets to comply with the regulations. The \$300 million Pilot Green Public Transport Fund (PGPTF) could provide an opportunity to encourage the use of catalytic converters, acceleration of replacing dirtiest buses and introduction of hybrid buses.
- 3.4 Since the last Policy Address, the Chief Secretary has become responsible for implementing the measures to reduce air pollution by transports. This should be driven by policy direction with a sense of emergency, cleaning the bus from pollution angle as of concern of the public health.
- 3.5 The general public is more willing to be partially engaged but not the whole of the cleaning costs. Under the present franchise agreements, bus operators generate revenue based on the capital assets. With Government's subsidy through the PGPTF, capital costs could be reduced, enabling the bus operators to maintain a low fare while increasing more clean buses on streets.

The Chairman thanked Mr Mike Kilburn, who left the meeting at this point. Ms Joanne Ooi responded to questions and comments by members, summarized as follows:

- 3.6 Hybrid buses might not be suitable in Hong Kong at present due to the lack of air-conditioning. As it would take about 12-18 months for developing and testing suitable hybrid bus prototype for Hong Kong, followed by another 18-month trail run before the recommendation by the Government, air-conditioned models had to be ordered now to ensure that hybrid testing could begin as soon as possible, so that 30% of the bus fleet could be replaced by 2014/15.
- 3.7 If the government is forcing bus companies to run their vehicles 3-4 years longer than their appreciation dates, it would be important to support early replacement of the oldest buses and trucks with Euro V models, which are ready in the market now.
- 3.8 While a total early replacement of buses would not be feasible, a phased approach with first priority given to the most trafficked corridors like Nathan Road should be recommended. While it would be considerable to provide higher subsidies to replace vehicles and trucks of more advanced Euro models, increased license fees for the dirtiest vehicles should also be recommended.
- 3.9 Members were interested in other related subjects, such as the operating costs of Euro V buses comparing to hybrid models, proscriptions on importation of old buses from China, full conversion of minibus fleet, which could be another research projects by the Civic Exchange and Clean Air Networks.

The Chairman thanked Ms Joanne Ooi, who left the meeting at this point.

1. Confirmation of Minutes

Minutes of the BCE meeting held on 18 January 2010 were confirmed and signed.

It was recalled by a member from the minutes that a discussion about the Scheme of Control was held at the last meeting, at which members proposed to invite Chief Economist of the Hong Kong General Chamber of Commerce (HKGCC) Mr David O'Rear to give a briefing on the technical details. The Chairman explained that the BCE meeting had already been run with a full agenda. The proposal was noted by the Secretariat.

2. Presentation of HKGCC Study Report on "A Model for the Circular Economy in Hong Kong and the Pearl River Delta"

2.1 Mr Adrian Cheung told members that the HKGCC had conducted a study of developing a model for the circular economy in the Greater Pearl River Delta (PRD) region. He invited the project consultant Dr Thomas Tang to give a briefing, who presented the findings as follows.

2.3 Dr Thomas Tang defined circular economy as a closed loop in which regenerated resources could be remanufactured and reconditioned, or recycled into low end applications. It comprised the elements of trans-boundary supply chains, waste matching in mid-stream, value added processing, eco-efficiency, remanufacturing and market re-entry.

2.4 Urbanization in China has resulted in lifestyle changes, springing up Western-like consumption trends that led to the same waste generation patterns. On the other hand, many Mainland recyclers often neglect environmental and health concerns in pursuit of commercial interest, and the problems are exacerbated by backward technology and poor business management.

2.5 On the basis of the PRD's industrial capacity for absorbing and re-manufacturing recyclable materials, and Hong Kong's management and supply chain expertise, there exists a potential to build a circular economy for the region, requiring top-down planned economic approach with guidelines and solutions, as well as cognizant of market forces and suitable governance of participating parties. Some possible products were identified for a regional cooperation, e.g. electrical appliances, food substances, packaging and building materials, fashion textiles and garments.

2.6 In Hong Kong, there had been a delay in introducing Producer Responsibility Scheme and a lack of demand for recycled products. It has also been a difficulty for the Government to find the right balance to attract tenants to the EcoPark, whilst at the same time to prevent abuse of tenancy by controlling the lease conditions. Two options were proposed for Hong Kong to develop a regional circular economy, i.e. by working with various PRD cities or leveraging on the close relationship with Shenzhen.

- 2.7 Mr Adrian Cheung supplemented that the study, which addressed the challenge of finding the keys to unlock the region's potential in developing a circular economy, served to stimulate wider and more in-depth discussion on the matter. The report had been submitted to the Chinese Central Government and HKSAR Government. The findings would also be presented at a public conference hosted by the Council for Sustainable Development on 20 May 2010. He welcomed further input from members.
- 2.8 Members shared their views and comments as follows
- 2.81 From the Government's perspective, it might not be feasible to develop a regional model of circular economy, as it would involve two jurisdictions with different environmental standards. Besides, waste shipments have always been a sensitive issue because of "not in my backyard" resistance.
- 2.82 There has been an active circulation of waste across the border at present, and the question is how to make the circular economy become a norm for the region. It was suggested that a suitable place in the PRD should be identified as a testing point to experiment the feasibility of the model.
- 2.83 Members expressed interest in knowing if there had been any study concerning the market of the local recycling industry, including the small operators and scavengers.

The Chairman thanked Dr Thomas Tang, who left the meeting at this point.

4. Preparation for the Dialogue with Secretary for the Environment on HKSAR Climate Action

- 4.1 The Chairman told members that the BCE released a joint statement in January this year to call for determined actions by the HKSAR Government to reduce greenhouse gas emissions, with concrete targets, leadership and close collaboration with the businesses. The BCE had invited the Secretary for the Environment for a dialogue on 25 May 2010.
- 4.2 Following deliberations among members, the following issues were proposed to be discussion items on the meeting agenda:
- 4.21 Broad overview of environmental issues in Hong Kong - priorities and objectives of the Secretary for the Environment in the next two years, including air quality, waste treatment and climate challenge, and how business could help in the process of policy implementation.
- 4.22 Air quality – update on the consultation on AQO Review and the 19 proposed measures following the policy submissions of BCE chambers/associations, particularly the policy initiatives to tackle roadside emissions by buses
- 4.23 Climate action – government's feedback on BCE Statement on Climate Action, HKSAR's emission reduction targets and its preparation of C40 Climate Conference to be held in November this year in Hong Kong.

5. C40 Climate Conference in Hong Kong

- 5.1 The Government, with the help of the Civic Exchange, is organizing a 4-day international conference titled “Climate Dialogue: Low Carbon Cities for High Quality Living” to be held in Hong Kong from 3 to 6 November 2010, with leaders from the C40 cities participating and showcasing climate initiatives. Some chambers had been invited to take part in the conference. The Chairman said the European Chamber could help provide speakers and showcases, and the BCE would be pleased to offer assistance to this important event.
- 5.2 Members shared the latest information, as follows.
- 5.21 The 4-day conference would consist of a science and policy session in the first two days, followed by another 2-day of workshop to explore action paths from the C40 cities for low carbon living with a special focus on buildings and transportation.
- 5.22 About 5 to 6 climate workshops and functions would be held prior to the C40 conference. Concurrently with the conference, the Eco Expo Asia Hong Kong would take place from 3 to 6 November 2010 to showcase green practices and solutions, at which the Federation of Hong Kong Industries would organize a Hong Kong pavilion. Other follow-up events funded by the Jockey Club and the Climate Change Business Forum would also be organized.
- 5.23 Members suggested that the Secretariat could help consolidate a list of related events and functions for reference.

6. A.O.B

- 6.1 The Canadian Chamber would be launching the new improved Corporate Social Responsibility Index on 27 May 2010.
- 6.2 The Business Environment Council would be organizing another EnviroSeries Conference on 2 June 2010 with specific theme on green supply chain and management.
- 6.3 The American Institute of Architects convened a Sustainable Design Charrette and LEED® Workshop 2010 on 14-16 May 2010.
- 6.3 The Dutch Chamber was interested in developing a biodiversity action strategy for Hong Kong after identifying suitable indicators.

There being no other business, the meeting adjourned at 5:55 pm.

Confirmed by

Secretary
19 May 2010

Chairman