



Hong Kong's Cleaner Production Partnership Programme

**Presentation to
Asia Pacific Clean Energy Trade Mission**

12 January 2008



Background

- 56,000 Hong Kong-invested factories in PRD Region, employing about 10 million workers
- Contributing to air emission by
 - (a) direct discharge of volatile organic compound (VOC) from solvent release; sulphur dioxide (SO_2), nitrogen oxides (NO_x), and particulates from burning of fuel in boilers, furnaces and standby generators;
 - (b) indirect discharge of SO_2 , CO_2 and NO_x by consuming electricity generated from burning of fossil fuels.



Emission from Industry Contributes to the Regional Air quality Deterioration in PRD



Air Pollution in Guangzhou



Air Pollution in Hong Kong



2006 Industry Forum (conducted with more than 20 industrial associations) pointed out that Government should provide assistance in the areas of

- (a) Improving factories' awareness and understanding so as to upgrade their knowledge on the Cleaner Production (CP) options and benefits;
- (b) Identifying opportunities of environmental improvement;
- (c) Introducing to them affordable and effective improvement technologies/ measures available in the market;
- (d) Incentivizing small and medium sized enterprises (SMEs) which form the majority of HK-owned companies in the PRD Region; and
- (e) Availing them to impartial assessment of the effectiveness of CP technologies.

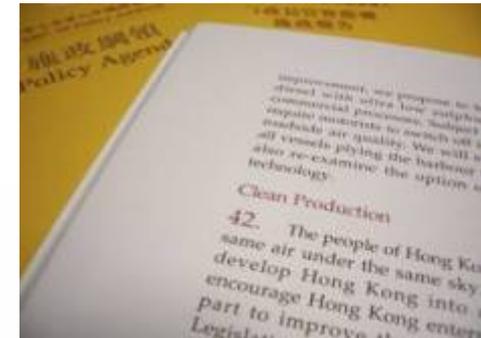


Cleaner Production Initiative – 2007 Policy Address



Policy Address

Clean Production



42. The people of Hong Kong and the PRD region breathe the same air under the same sky. Regional co-operation is vital to develop Hong Kong into a green metropolis. To further encourage Hong Kong enterprises in Guangdong to play their part to improve the regional environment, I will ask the Legislative Council to approve funding of \$93 million for the Hong Kong Productivity Council to launch a five-year programme. This programme will assist and encourage Hong Kong-owned factories within the PRD region to adopt clean production technologies and processes. Under the programme, enterprises will be able to reduce emissions and enhance energy efficiency as well as improve competitiveness and corporate image. This initiative complements the Mainland's policy of industrial restructuring and upgrading.



Five-Year Cleaner Production Programme

- Government to provide funding of \$93 million for 5-year period to implement the programme
- Hong Kong Productivity Council as implementing agent. Will work closely with the environmental technology (ET) service providers
- Proposed Key Initiatives : -
 - awareness promotion
 - on-site assessment at production processes
 - selective technology demonstration projects
 - verification of the effectiveness of improvement projects



Five Year Programme – Proposed Guiding Principles

- The programme will focus on encouraging and facilitating HK-owned factories in PRD region to contribute to a cleaner environment by reducing air pollution/emissions and enhancing energy efficiency
- Targeted sectors selected on the basis of their power consumption, emissions from industrial processes, and potential in achieving environmental improvement
- Experience sharing through demonstration projects
- Verification of outcome of improvement measures
- No direct subsidy on the cost of hardware or installation of CP equipment



Eight Proposed Sectors to be targeted –

- Textile
- Non-metallic mineral products
- Metal and metal products
- Food and beverage
- Chemical products
- Printing and publishing
- Paper and paper products manufacturing
- Furniture manufacturing



(a) Awareness promotion – proposed arrangements

- To enhance the awareness and knowledge on technological and process options on enhancing energy efficiency and emission reduction
- Briefings, study missions, seminars, workshops, conferences, exhibitions
- Activities to be conducted in HK, Shenzhen, Dongguan and other PRD places as necessary
- Dedicated website and hotline enquiry system to be set up to enhance information dissemination
- HKPC to plan and organise awareness promotion activities
- Industries' participation at the awareness promotion programme to be free of charge



(b) On-site Assessment – proposed arrangements

- Will invite applications from factories in the eight targeted sectors to participate
- To cover about 800-1,000 on-site assessments, subject to the response of the industries
- Selection criteria to be worked out. Initial thinking : due consideration to be given to industrial sector balance and geographical spread. Priority be given to SMEs, those willing to take follow-up actions, and those that are ready to meet costs.
- HKPC/ET service providers to conduct on-site improvement assessment and planning consultancies. They will help identify and analyse the problems faced by individual factory, and propose practical solutions
- Funding contribution from the participating factories with Government providing funding support on a 50:50 basis and subject to a cap, to provide incentive
- Participating factories will be required to indicate their follow-up actions after on-site assessment in a form of a report



(c) Demonstration Projects – proposed arrangements

- Projects to demonstrate the effectiveness, actual cost and financial return of CP technologies, through actual installation of equipment and/or modification of production processes
- Aim to conduct a total of around 90 demonstration projects.
- Selection of demonstration projects will be guided by the “guiding principles”. Our initial thinking is to identify projects on emission reduction, improving energy efficiency and pollution control for each targeted industry sector. Each type of project will be carried out, if possible, in factories with different scale of operation or different practices to verify the technology applicability under different circumstances.
- Funding contribution from the participating factories with Government providing funding support on a 50:50 basis and subject to a cap, to provide incentive
- As a condition, factories participating in the demonstration support projects will have to share the experience with the industries



(d) Verification of performance of improvement projects – proposed arrangements

- HKPC to provide independent third party service to verify the effectiveness of improvement projects
- An initial quota of 500 is proposed. Subject to response, the number can be increased up to 1,000
- Scope : factories which have participated in “on-site assessment” and subsequently adopted CP technology are the primary targets. Others that have carried out improvement projects at their own initiative may also apply
- Propose to provide the service free of charge to industries, up to \$15,000 per project to promote awareness of the success of cleaner production



Industry Participation in Project Management Committee (PMC)

- Propose to set up a PMC to oversee programme implementation, e.g. determining the mechanism for inviting application, drawing up objective criteria for selection of participating factories, vetting and approving implementation of demonstration projects, and review and monitor programme progress, etc.
- Membership: EPD to chair. HKPC, CEDB, TID, ITC, and representatives from HKGCC, FHKI, CMA, CGCC as members .



Expected Benefits of the Programme

- Sensitize the targeted industries to cleaner production technologies/practices
- Facilitate interested manufacturers to assess their situation and embark on improvement measures
- By means of demonstration projects, help manufacturers overcome confidence barrier
- Spread and share good practices. Success stories help promote adoption
- Verification of improvement projects will help reinforce manufacturers' confidence in CP technologies
- Build closer partnership between EPD, HKPC, industries, and ETs
- In the long run, improvement in regional air quality



Next Steps

- Consult LegCo Environmental Affairs Panel in December 2007
- Seek funding from LegCo Finance Committee in January 2008
- HKPC preparation (Jan-Mar 2008)
 - Detailed programme planning
 - Liaison with industries and trade association to explain programme details
- Formation of Project Management Committee
- Mar/April 2008 – Official launching of the 5-year Programme



Members of the Asia Pacific Clean Energy Trade Mission Can Make best use of the partnership programme by :

- Participate in the free-of-charge awareness training programme as speaker
- Undertake a 50:50 cost sharing on-site assessment consultancy programme to identify improvement opportunities for their potential clients
- Utilize the 50:50 cost sharing technology demonstration scheme to showcase their latest improvement technology
- Use the virtually free-of-charge services in performance verification for their client projects

A bright blue sky with scattered white clouds. The clouds are of various sizes and shapes, some appearing as soft, fluffy patches and others as more defined, wispy streaks. The overall scene is a clear, sunny day.

THANK YOU!