

**Fourth Meeting of
the Economic and Employment Council**

***Agenda Item 7 : Progress on measures taken to promote
Recycling industry***

Purpose

This paper reports on progress of measures taken to facilitate the development of the recycling industry.

Land policy

Short-term tenancies

2. The provision of land under short-term tenancy (STT) is an important tool to assist those recyclers who cannot afford private land for setting up their business. At present, 27 sites with a total area of five hectares have been leased to recyclers under this arrangement. The normal terms of tenancy are three to five years. The Lands Department will continue to identify suitable land according to need to let out as STT exclusively for recyclers. In addition, the Lands Department is prepared to consider granting longer terms up to seven years so that the industry could make longer term investments.

Access to the industrial estates

3. The Hong Kong Science and Technology Parks Corporation (HKSTPC) has examined the possibility of lowering its admission criteria for the recycling industry. HKSTPC considers that since it is a statutory organization with a specific mission developed in accordance with the established policy to promote innovation and technology for Hong Kong's overall economic benefit, its industrial estates should cater for industries which can help to broaden the base of industry and upgrade technology levels. Industries meeting the admission criteria, including the environmental technology industries, are always welcome to establish themselves in the

industrial estates. While HKSTPC will continue to consider applications from the environmental industry with technology content, it will continue to adopt a policy of level playing field in considering admissions.

Recovery Park

4. To provide long-term land for recycling operations, a 20-hectare site at Tuen Mun Area 38 has been set aside for the development of a Recovery Park to accommodate the recycling industry. With long lease terms of not less than 10 years and premium set at below the market rate, re-processors / recyclers would be encouraged to invest more in new and environmentally friendly technologies for waste recycling. A study on the Environmental Impact Assessment (EIA) and landuse rezoning for the development of the Recovery Park commenced in mid-October 2003 will be completed by January 2005. The EIA study has yet to be finalized pending the court ruling on Shiu Wing Steel Ltd's appeal on the outcome of the judicial review related to the Permanent Aviation Fuel Facility in the area, and the Planning Department's finalisation of the zoning for Tuen Mun Area 38. Nonetheless, action is in hand to provide the basic infrastructure for the Recovery Park. We will apply for re-zoning of the 20-hectare land for Recovery Park use after completion of EIA study. Subject to early finalization of the zoning for Tuen Mun Area 38, we expect that the Recovery Park will commission in 2006.

Green Procurement

5. The Government Logistics Department (GLD) has already adopted the specifications recommended in the Consultancy Study on Environmentally Responsible Product Specifications for Government Procurement Items commissioned by EPD in 2000. However, departments may choose not to draw on recycled products acquired through GLD for various reasons. We are seeking to adopt a more vigorous green procurement policy by requiring government departments to adopt a green procurement policy and to use recycled products as much as possible.

6. Some recycled products are primarily developed for use in public works e.g. asphalt rubber produced from waste tyres for construction of road surface, fill materials containing crushed glass or recycled aggregates for use

in drainage layer, road base or non-structural concrete blocks. We are seeking to establish a clear Government policy to pursue the use of these products with priority, so as to increase the market potential for these products.

7. By taking the lead in green procurement, we will set an example for the community, which will result in an increased demand and supply of greener products with improved recyclability, reduced packaging, greater durability and higher recycled contents.

Waste Recovery Programmes

8. To address the issues of insufficient waste materials and high cost for the recycling industry, we have been conducting a number of programmes and trials to improve the cost-effectiveness of the collection network for recyclable materials.

9. It is necessary to encourage the community to sort their wastes at source, complemented by sufficient storage and efficient collection of the recyclables. We will launch a large-scale campaign in 2005 to encourage all households to develop this habit of source separation. Property management companies, the Housing Department and the Housing Society have been approached for their support in providing storage facilities and collection services. We are also exploring the option of making use of existing refuse collection points and refuse transfer stations for some minimal processing such as baling.

New legislation

10. Product responsibility schemes (PRS) are effective in encouraging the recycling of waste. To provide incentives for stakeholders to reuse/recycle waste, we consider it necessary to introduce a mandatory PRS through legislative means, particularly with regard to wastes that are difficult or uneconomical to recycle. Our targeted products for PRS include waste tyres, batteries, electrical and electronic equipment and beverage containers.

11. Overseas experience shows that PRS requires legislative backup to minimize free-riders and to ensure the achievement of recovery and recycling targets. In Hong Kong, we have been trying to introduce PRS on a voluntary basis. While there is some initial success (e.g. the mobile phone battery recycling programme), a fair and effective recovery and recycling scheme will require legislative backing. As a start, we are now conducting a Regulatory Impact Assessment study on PRS for waste tyres with a view to introducing a levy on waste tyres.

Industrial and technological policy

12. The existing industrial policy is broad-based and it aims to ensure that there is free market, free competition and a business friendly environment. However, given the unique nature of the recycling industry and its importance in contributing to a successful waste management system, a business-friendly environment for this particular trade requires assistance to increase its competitiveness.

13. For the recycling industry to remain sustainable, it is essential that the environmental technology industry should be developed. This is in line with Hong Kong's development into a knowledge-based economy. Although the Innovation and Technology Fund (ITF) has funded projects in developing new technology for waste reduction and recovery, very few have been put to commercial use, and even fewer are commercially successful.

14. According to the Innovation and Technology Commission (ITC) which provides secretariat support to ITF, the key to facilitating commercialization of new technologies lies on the demand. The actual commercialization has to be driven by the companies concerned. Environmental technology is not amongst ITC's 13 proposed technology focus areas for future development. ITC considers that its strategy of innovation and technology development was developed with emphasis on market relevance. It has a demand-led, market-driven approach to ensure that the funding support are relevant to the industry and market needs.

15. We are of the view that in order to facilitate the development of the recycling industry, a market driven approach would not be appropriate. While we pursue other measures to improve supply through improvement to

the collection network and improve through green procurement policy, there is a need to set up an R&D centre for the environmental industry. There is also merit in encouraging the development of new recycled products on a commercial basis by means of some form of incubation. This can be achieved by allocating priority to ITF applications for developing the technology on recycling on a commercial basis and to provide incubation service for technologies developed through the fund.

Way Forward

16. We will continue to conduct inter-departmental meetings to take forward the above measures to facilitate the development of recycling industry.

Advice sought

17. Members are invited to note progress as set out in paragraphs 2 to 15.

Environment, Transport and Works Bureau
December 2004