

**English version of the address by Dr. Edgar Cheng**

**Chairman**

**Council for Sustainable Development**

**Air Summit**

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What we are doing today, this Air Summit, is an example of Hong Kong's competitive mindset at its best. Our common goal is to clean up Hong Kong's air, to make it fresh and pure again.

The task requires bold action and commitment from the bottom up. We must think ahead, dare to break new ground, and work together.

When I say, "work together," this is not just rhetoric. Here today, you will see representatives of 26 partner organizations to the Council for Sustainable Development – please stand up and be recognized.

Our partners helped to make this the largest public engagement in Hong Kong's history. Over the past four to five months, individuals and organizations have submitted close to 82,000 responses to our invitation and response document on air quality. This is a record. Our partners made sure that their members knew about the issues and encouraged them to participate. All of these networks came together in one big network on this issue.

Everything we do to the air has multiple consequences. Think about it. If the city water supply is bad, you can buy bottled water. However, there is no escape from air pollution and the serious long-term impact on health of the community. And since air has no borders, as we load the air with pollutants, we also add to global warming and climate change. As a maritime city, Hong Kong is particularly vulnerable to the risks of climate change, along with other great cities of the world – New York, London, and Tokyo – that will be affected by rising sea levels. As we work together to fight air pollution and improve the air, the benefits of what we do will spread far beyond our doorstep and between generations.

We have a wonderful program this morning, and a great deal to accomplish. I promise

not to take up too much of your time. But I would like to share with you a few of the lessons that I have learned from working on the issue of air quality, and a few of the interesting ideas that others have shared with me.

For me personally, the process goes back almost two years, to the beginning of 2006 when the Council formed a study group to work on air quality issues. The mandate of this group was to look at what Hong Kong could do locally to improve air quality, and in November 2006 we came up with a report and a series of recommendations, a number of which were adopted as government policy.

In 2007, we began the process of seeking consensus on three of the policy tools we had identified to improve air quality. These were: a system for warning the public and restricting activities on high air pollution days; a system of road pricing aimed at reducing air pollution from auto exhausts and its negative health impacts; and demand side management for energy saving.

Each of these tools comes with a price tag, including various degrees of public sacrifice. We wanted people to understand them, and understand the impact they would have on their lives. We also wanted to know what sacrifices people would be willing to accept, once they understood what was at stake. To that end, we asked the Social Sciences Research Centre of the University of Hong Kong to conduct an independent analysis of the findings, which will be presented to you in detail this morning.

Building consensus around matters of principle is not easy, no matter how sound the principles. People often react at first against any change to the status quo, and anything that means sacrifice and inconvenience beyond what they already face in their daily lives. You have to change mindsets, and this can take time.

As a leader – and I look to all of you here today as leaders in this effort – you also need to be prepared to adjust your own mindset. I have talked to taxi drivers and bus riders about the impact of road pricing, for example, and heard from them about their worries and concerns. They know that if policies are put into effect that make use of these and other tools it will have an effect on their livelihoods – hence their anxiety.

The livelihood factor makes it enormously difficult for government to act. But act it must, because now the message from the community is clear. I hope that this very clear

message will help the government in shaping its policies.

Regardless of the specific tools that are used, effective policy is always a delicate balancing act. Policy makers have the choice of using a carrot or a stick, and usually both are needed to get the job done. A carrot or incentive on its own is usually not enough. It is good if people will come forward on a voluntary basis to take advantage of an incentive. But sometimes we need to make certain actions and behaviors mandatory, which require legislation. And legislation is just the first step. It has to be followed by effective monitoring and enforcement.

Here again the message from the community is very clear. Some things have to be mandatory. The polluter must pay.

I must emphasize that these are ideas that many people have shared with me along the way. It is also the example of other cities, like Los Angeles, or London, that have had severe problems with air pollution and gone a long way towards solving them.

Mandatory requirements are one key; money is another. One of the more intriguing ideas that have been suggested to me is to create an environmental fund to support local efforts to clean the air. This would certainly be the time to do it, when Hong Kong has such an enormous fiscal surplus. Some have suggested that we take a substantial amount of the surplus and set it aside as an Air Quality Cleanup Superfund. This will be money well spent and a true investment in the future. It also shows that Hong Kong is serious about tackling this problem.

At the same time, Hong Kong is a market-driven economy, and excels at finding market-based solutions. HongKongEx is now looking at introducing futures contracts for carbon emissions, based on an emerging regional and global market for carbon credits. This is an exciting development, and very much fits in with our goals.

In short, we have to get the right mix of incentives, mandatory requirements, market-based approaches, and public funding, if we are to tackle the problem of air pollution in a comprehensive way. It is our job not to lose sight of the goal – to have a real impact in terms of improving air quality. To do that, we must train ourselves to think holistically, in terms of a comprehensive vision. We need a road map for the way forward that we all can follow.

These sorts of ideas may help stimulate the discussions today, which will in turn shape the Council's final recommendations, because our mandate allows for addressing policy on different levels. Our engagement process on specific policy tools is still unfolding. After the discussions we have today, the Council will prepare a report with recommendations to the government. Thereafter, the government will come back to the Council on the way forward. I hope that the result will be, once and for all, a comprehensive road map on the way to tackle locally generated air pollution.

I want to congratulate all of you here today, especially the Chief Executive, who helped launch the Sustainable Development Council in 2003. There is an old saying, "Many hands make light work." Improving Hong Kong's air quality will put this proverb to the test. We have begun the process of building a consensus around best practice, but we are far from finishing that process.

The next steps may be the hardest. Can we think ahead for the benefit of future generations? Do we dare to break new ground? Are we ready to work together to make a difference on this issue?

This is what it means to be competitive – and, looking around at this audience, I think the answer to each of these questions will be yes," because this is Hong Kong, and these things represent the best of the Hong Kong spirit.

Thank you very much.