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HONG KONG : AN ILLUSTRATION OF THE ISSUES

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1. Hong Kong is one of the World's major sources of FDI.
2. We are a city under extreme environmental pressure, owing not just to population growth and internal economic activity, but also to the effects of the investments we have made in neighbouring areas of Guangdong province.
3. Up to March 1998, Hong Kong had contributed 55 per cent of the total realised FDI in Mainland China (US\$125 billion out of US\$229 billion total). Most of this had gone into Guangdong province, where HK companies estimate that they employ, directly or indirectly, 6 million people (twice HK's own workforce).
4. Over the 20 years that this investment has been made, Hong Kong has been rapidly upgrading its environmental regulation and investment in environmental protection. This has included massive investment in sewage treatment and waste management; the enactment of comprehensive pollution control legislation, vigorously enforced; and, the use of Environmental Impact Assessment (first applied administratively, but made mandatory since 1997 and now being extended into 'Strategic Environmental Impact Assessments' and the development of 'indicators of sustainability' and 'guiding values' against which to measure major development proposals).
5. The effects of HK's regulation and its investment are readily apparent.
6. HK is down river and in the winter months down wind of the developments in Guangdong. Ten years ago, the winter months were the best months for air quality, now the summer months are better since the prevailing winds generally keep the pollution from Guangdong out of HK. Ten year's ago Hong Kong's rivers and inner waters were lifeless. Today most rivers are in good condition and inner waters are improving steadily, but we have found that no matter how much we invest in sewage treatment we will not be able to meet water quality objectives for nutrients, since so much is coming down the Pearl River - probably due to intensive use of fertiliser to produce the food needed by HK and by the cities we have helped develop.
7. If HK is to sustain a high quality of life that will attract and retain the business activity that supports the development in our hinterland on the Mainland of China, we are going to have to become as successful in exporting the regulation and effective environmental protection procedures that have been

developed in HK as we were in exporting the industry that those regulations were originally designed to cope with.

8. Engaging the authorities in neighbouring cities to develop environmental monitoring and assessment and to make environmental impacts a key concern in decision making is now a central part of our environmental policy. Helping to build up capacity to undertake EIA work and to integrate it effectively into the decision making process is vital - as is the influence of business and NGOs in building up awareness of the need make this change.