



THE AMERICAN CHAMBER OF COMMERCE IN HONG KONG
Submission for the Chief Executive's 2011-2012 Policy Address
16 September 2011

The American Chamber of Commerce in Hong Kong (AmCham) is the largest international chamber in Hong Kong and represents a broad and diverse membership. It has more than 1,800 members, covers over 30 nationalities, and includes large multinationals as well as small- and medium-sized enterprises.

AmCham is concerned that Hong Kong's standing as Asia's best "world-class city" is being increasingly challenged by the growth of several competing markets in the region. Success for Hong Kong in significant part depends upon training, recruiting, and retaining world-class talent, be the talent Hong Kong-born or expatriates.

This year the Chamber has decided to submit recommendations for the Policy Address in only two areas – air pollution and international school spaces. This is a result of recent surveys of the Chamber members where they expressed overwhelming concern about the negative impact of these two areas upon Hong Kong's attractiveness as a place to live and work. Moreover, in AmCham Chairman Rob Chipman's inaugural speech to the Hong Kong business community earlier this year, he also highlighted these two issues as being strategic advocacy priorities for the Chamber in 2012.

AmCham is pleased to provide these views to the Chief Executive, Donald Tsang, for his consideration in preparation of the 2011-2012 Policy Address.

AIR POLLUTION

AmCham believes that it is unlikely that the HK Government could make a more noticeable difference in improving air quality without adopting a much stronger "carrot and stick" approach to the problem.

The Chamber therefore urges the Government to demonstrate even greater environmental leadership by formulating and implementing policies that impose reasonable, clear, and forceful regulations (the "stick") to induce businesses and the community at large to adopt greener environmental practices. AmCham also strongly recommends that the HK Government simultaneously provide more incentives to drive real change (the "carrot") in line with what has been achieved in other developed economies.

AmCham suggests that the Government could more effectively formulate such initiatives by engaging and leveraging the power, enthusiasm, and international experience of key business sectors in Hong Kong. Some specific recommendations for HK Government action follow.

Transportation & Logistics

- Adopt regulations with clear timelines. For example, "All vehicles must be Euro IV compliant by 20XX or be faced with pollution penalties." (This would follow London practice.)

- Adoption of cleaner fuel technologies in replacing older diesel buses, such as hybrid or electric, should be actively encouraged and financially supported in order to facilitate immediate and wide-range deployment (ideally within one or two years) while keeping fares low for the Hong Kong public.
- At the same time, provide incentives and/or direct government funding to reward/assist early adopters. Currently, companies are hesitant to be pioneers due to the lack of incentives and possible business disadvantages (i.e., higher costs) of adopting “greener” options.
- Join with progressive clean air maritime initiatives being adopted in Asia, the United States, and Europe by urging legislative support of the Fair Winds Charter before it expires at the end of 2012.

Real estate

- Adopt international standards that require all new developments to meet minimum environmental standards, using HK BEAM, LEED, Green Star or an equivalent rating scheme. This is an optimum time to do this, as construction of public housing, for instance, is expected to boom over the next several years.
- Institute mandatory energy efficiency reviews of all existing buildings in Hong Kong, with recommendations for improvements in weather stripping, windows, and defective air conditioning equipment. This is an energy conservation move that should pay for itself in the long term.

Energy

- To achieve the objective of improving Hong Kong’s air quality by using cleaner energy – including natural gas, nuclear, and renewables – AmCham urges the Government to set a clearly defined and achievable timeline and roadmap for the most appropriate fuel mix for Hong Kong.
- AmCham understands that Hong Kong is not solely responsible for the air pollution issues facing the city and the Pearl River Delta, and therefore calls on the Government for more transparent initiatives and reporting regarding the progress of pollution reduction on the PRC side, and for closer cooperation between the two Governments in addressing the regional air quality issue. Specifically, AmCham urges the HK Government –
 1. To take the lead through mass public education and training programs to enhance public awareness of environmental and energy issues as well as the risks and opportunities with different energy alternatives in meeting Hong Kong’s energy and environmental needs.
 2. To set up a special fund to support these activities and to provide incentives for various energy efficiency and related initiatives.
 3. To promote the use of technology in achieving environmental objectives, and to verify the technology needed for developing various green and low carbon projects.
 4. To invite the private sector participate in the above measures in both Hong Kong and the Pearl River Delta Region.

EDUCATION

The global economic shift from west to east and the growth of competing markets in the Asia-Pacific region present opportunity and challenge for Hong Kong. Hong Kong now more than ever must strive not only to maintain, but also to improve its standing as a “world-class city.”

One critical policy development that will ensure a continuing business-friendly environment is fuller development of a world-class educational environment that supports the pool of dynamic business professionals and their families who relocate to and work in Hong Kong. It is widely known in the community that the English Schools Foundation (ESF), and the long-established private International schools, are full to capacity and have long waiting lists. Demand has clearly outstripped supply – and AmCham urges the Government to take urgent action on this issue.

Employers have been finding a new resistance among the top people they wish to recruit to Hong Kong from overseas as they are hesitant to relocate their families when they are unable to place their children into appropriate schools. It is also affecting the ability to retain talent, as assignees will leave Hong Kong if they are unable to get their children into appropriate schools.

While AmCham acknowledges the Government's recent allocations of new land for international schools, these fail to meet the demand for primary-level, English-language places on Hong Kong Island. It is no understatement that the situation has reached a crisis point. The Government urgently needs to work with the private sector to set coherent and long-term sustainable policies to support Hong Kong's education and talent development. AmCham specifically recommends –

Addressing Immediate Needs

- Produce a comprehensive map of the currently vacant or underutilized school sites on Hong Kong Island, and make these facilities available for immediate development of additional international primary school places.
- Make existing decant schools available to international schools for development into new primary places as they become available.

Support Long-Term Planning & Access to Education

- Establish and activate a public/private standing committee made up of international schools, business chambers, and relevant Government agencies to monitor demand trends and support long-range planning to prevent future supply/demand imbalances.
- Have this committee report directly to the Chief Executive both to signal the urgency of the issue and in recognition that the solutions will require coordination across many bureaus (i.e. Lands, Social Welfare, Education, Planning, etc.).

CONCLUSION

AmCham urges the Chief Executive's Policy Address to set a clearer tone and firmer action plan concerning the problems of air pollution and international school spaces.

The Chamber appreciates the Government's efforts to date in regards to its efforts in addressing both issues and welcomes the opportunity to continue interacting with the Government in order to formulate best practices and practical policies that will be mutually beneficial for the business community and the general public.

AmCham offers its members' insight and experience in helping to strengthen Hong Kong's brand as Asia's "world-class city" and to increase its global competitiveness. We look forward to a continuing productive and fruitful partnership with the Government in achieving these goals.