

Press Release

**Clean Air Network unites with transport sector to jointly urge
the Hong Kong Government to increase subsidies to retire old diesel vehicles**

For Immediate Release

(7th December 2010, Hong Kong) Clean Air Network (CAN), Friends of the Earth (HK), Miriam Lau and several associations from the transport sector (Hong Kong Guangdong Transportation Association Ltd., Hong Kong Container Tractor Owner Association Ltd., Hong Kong Association of Aircargo Truckers Ltd., Lok Ma Chau China-Hong Kong Freight Association, The Goods Vehicle Fleet Owners Association Ltd., Hong Kong Waste Disposal Industry Association, Public Omnibus Operators Association Limited, Tsuen Wan District Tourists and Passengers Omnibus Operators Association, Kowloon Truck Merchants Association Limited, Organisation of Hong Kong Drivers, and Koon Wing Motors Ltd.) issued a joint declaration urging the Government to increase subsidies for trucks and non-franchised buses in order to get these vehicles off the road as soon as possible. In addition, CAN, Friends of the Earth (HK) and the transport sector exhorted the Government to introduce a scrapping subsidy. This would allow truck owners to scrap their old vehicles and still receive a subsidy without having to buy a new vehicle, thereby further reducing the number of polluting vehicles on our roads.

Today was a momentous occasion because, after “more than ten years of trying to cooperate with environmental groups, for the first time, an environmental group has invited us to come to the table so that we can present coordinated solutions to the government,” said Legislative Councillor Miriam Lau. “Truck owners care about health just like the rest of the public.” And, in fact, a survey unveiled last week by Civic Exchange, CAN’s sister NGO, revealed that a majority of professional drivers are aware of the occupational health hazards of air pollution and diesel fumes. However, truck drivers are small business owners and therefore, need more financial assistance to get their trucks off the roads.

The CEO of Clean Air Network, Joanne Ooi, stated, “We are today joining hands with the transport industry, an industry ordinarily considered to be opposed to cleaning up air pollution, because we want to send a strong signal -- ALL Hong Kong people and businesses want clean air. It may seem like we are strange bedfellows, but we are unified by our desire to protect public health -- especially the health of professional drivers.”

Our joint recommendations to the Government are as follows:

Optimizing the “Early Replacement of Euro II Commercial Diesel Vehicles Subsidy Scheme”

1. The government should increase the subsidy amount from the proposed 18% to 25% so as to strengthen the economic incentive to encourage drivers to retire their old diesel vehicles and replace them with new ones.



2. Apart from increasing the subsidy amount, the government should follow examples from other countries, such as providing low interest loans to vehicle owners to help them cover the rest of the cost of the new replacement vehicle.
3. The existing scheme allows vehicle owners to get the subsidy no matter when they replace their old vehicles. The subsidy should instead be offered on a non-linear sliding scale, meaning that owners who take advantage of the subsidy earlier are subsidized a higher percentage of their new vehicles.

Putting forward a new Scrapping Subsidy

4. A scrapping incentive is recommended so that truck owners can scrap their old vehicles and still receive a subsidy without buying a new vehicle. Similarly, this incentive should also be offered on a non-linear sliding scale, meaning the earlier a vehicle owner scraps their truck, the higher the amount of subsidy he/she receives.

The second phase of the subsidy scheme aims to encourage early retirement of Euro II commercial diesel vehicles and was implemented starting from July 2010, but the content of the second phase is more or less the same as the first phase, without any attractive incentives added. The lack of uptake could also signify that the subsidy per vehicle was not high enough. The scheme only subsidizes drivers buying new vehicles, affording no compensation for those who want to scrap their vehicles. For truck drivers who were running a failing business, the small amount of subsidy was not even sufficient to compensate the increased cost of buying a new truck due to the appreciation of foreign currencies.

While a subsidy increase would be welcomed, many participating organizations would also be in favour of a scrapping subsidy in particular. Mr. Tsang Chi-hung, the chairperson of the Hong Kong Association of Aircargo Truckers Ltd. said “this is unprecedented in my 40-year driving career - cooperation being cultivated between an environmental group and the transport sector; this indicates that the public is beginning to show concern for the health of drivers and the difficulties we face within the industry... for professional drivers who plan to sell their vehicles and switch to another industry or retire, a scrapping incentive enables them to liquidize their assets while helping to reduce roadside pollution, killing two birds with one stone.”

Emissions from trucks are disproportionately large relative to the actual number of trucks on Hong Kong’s roads. 50% of Nitrogen Oxide (NOx) and 55% of Particulate Matter (PM) emissions come from trucks. Old trucks use engines that are Euro II standard or below. A Euro V engine (the newest standard) emits 34 times less PM and 2 times less NOx than a pre-Euro engine. According to statistics from the Transport Department, as of August 2010, there were 591,716 vehicles on the road in Hong Kong; only 6.9% (41,072) were trucks, but the amount of pollution emitted from them was disproportionately large.

The health of drivers is CAN’s foremost concern, because they are under serious threat from roadside pollution. The American Cancer Society has demonstrated staggering



evidence that diesel truck drivers, diesel mechanics, and others constantly and closely exposed to diesel exhaust are up to 50% more likely to develop lung cancer¹! Opinion polls published by Civic Exchange show that a majority (61%) percent of professional drivers rightly share our concern and are worried about the health impacts of roadside pollution².

Mr. Yau Koon-tim, the chairman of the Hong Kong Guangdong Transportation Association Ltd, said that “having worked in the industry for several decades, I understand the health impacts driving old vehicles have on drivers, e.g. always having a sore throat, experiencing lightheadedness from breathing exhaust constantly, having one’s lungs and respiratory functions damaged, etc. Therefore, the whole sector strongly supports retiring old vehicles with the Government providing economic incentives to assist us.”

CAN hopes the Government will consider all the suggestions in this joint declaration and create related policies that will allow both public health and the transport industry to benefit simultaneously.

Signatories include:

- Clean Air Network
- Friends of the Earth (HK)
- Ms. Miriam Lau , Legislator representing Transport Sector
- Hong Kong Guangdong Transportation Association Ltd.
- Hong Kong Container Tractor Owner Association Ltd.
- Hong Kong Association of Aircargo Truckers Ltd.
- Lok Ma Chau China-Hong Kong Freight Association
- The Goods Vehicle Fleet Owners Association Ltd.
- Hong Kong Waste Disposal Industry Association
- Public Omnibus Operators Association Limited
- Tsuen Wan District Tourists and Passengers Omnibus Operators Association
- Kowloon Truck Merchants Association Limited
- Organization of Hong Kong Drivers
- Koon Wing Motors Ltd

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¹Source: American Cancer Society

http://our.cancer.org/docroot/NWS/content/NWS_1_1x_EPA_Reports_Diesel_Linked_To_Lung_Cancer.asp

² Source: Less Take More Action: Public Opinion Survey on Air Pollution in Hong Kong 2010 (Civic Exchange) <http://www.civic-exchange.org/wp/less-talk-more-action/>



Appendix:

Incentive Scheme for Replacing Pre-Euro and Euro I Commercial Diesel Vehicles with New Commercial Vehicles

- Commercial diesel vehicles are the dominant source of air pollution at street level. They account for about 88% of the respirable suspended particulates (RSP) and 76% of nitrogen oxide (NOx) emissions from the entire vehicle fleet.
- Compared with Euro IV vehicles, pre-Euro and Euro I models emit 15-30 times more pollutants.
- The Government offered a one-off grant to owners of pre-Euro and Euro I commercial diesel vehicles to encourage them to replace their vehicles with new ones from 1st April 2007 to 31st March 2010. The Government earmarked 3.2 billion for this scheme.
- The grant level was set at 12% - 18% of the annual average vehicle taxable values of newly registered vehicles.
- Under this incentive scheme, “commercial vehicles” included light, medium and heavy goods vehicles, private and public light buses, as well as private and public non-franchised buses.
- During this period, there were 59,000 eligible pre-Euro and Euro I commercial diesel vehicles in Hong Kong. Altogether, about 17,000 (29%) eligible vehicles participated in the grant scheme. The total cost was 0.6 billion.

Incentive Scheme for Replacing Euro II Commercial Diesel Vehicles with New Commercial Vehicles

- Compared with Euro IV vehicles, Euro II models emit seven times more RSP and twice as much NOx.
- To improve Hong Kong’s air quality, the Government will offer a one-off grant to owners of Euro II commercial diesel vehicles to encourage them to replace their vehicles with vehicles that comply with the current prevailing emission standard for registration of new vehicles (Euro IV) from 1st July 2010 to 30th June 2013. The Government has earmarked 0.54 billion for this scheme. At present, there are about 28,000 registered Euro II commercial diesel vehicles in Hong Kong.
- Depending on vehicle class or gross weight, the grant amount ranges between \$17,000 and \$203,000 per vehicle.
- The following examples show how the grant amount is determined—

Example 1:		
De-registered Euro II vehicle	Euro IV vehicle registered for the first time	Grant receivable
2.8 tonnes light goods vehicle Grant amount is \$36,000	16 tonnes medium goods vehicle Grant amount is \$88,000	The applicant shall receive the lower amount, i.e.\$36,000
Example 2:		
De-registered Euro II vehicle	Euro IV vehicle registered for the first time	Grant receivable
16 tonnes medium goods vehicle Grant amount is \$88,000	9 tonnes medium goods vehicle Grant amount is \$59,000	The applicant shall receive the lower amount, i.e.\$59,000

- The grant amount is set at 18% of the annual average vehicle taxable values of newly registered vehicles in 2009.

