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To <wco_consultation@epd.gov.hk>

cc

Subject Public Consultation on Legislative Proposals on Regulation of Edible oils and fats and recycling of Waste Cooking Oils

Urgent Return receipt Sign Encrypt

Dear Sir/Madam,

Please find attached our submission for Public Consultation on Legislative Proposals on Regulation of Edible oils and fats and recycling of Waste Cooking Oils.

Kind Regards,
Alfred Tsang
Office Manager

The European Chamber of Commerce in Hong Kong
Room 1302, 13/F.,
168 Queen's Road Central, Hong Kong

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Legislative Proposals on Regulation of Edible Fats and Oils and Recycling of Waste Cooking Oils - EuroCham.pdf



EUROPEAN CHAMBER
OF COMMERCE
IN HONG KONG
香港歐洲商務協會

The European Chamber of Commerce in Hong Kong
Room 1302, 13/F.,
168 Queen's Road Central, Hong Kong

ENVIRONMENTAL PROTECTION DEPARTMENT

Waste Reduction and Recycling Group

Environmental Protection Department

28/F, Southorn Centre, 130 Hennessy Road,
Wan Chai, Hong Kong

E-mail address: wco_consultation@epd.gov.hk

5 October, 2015

Re: Public Consultation on Legislative Proposals on Regulation of Edible Fats and Oils and Recycling of "Waste Cooking Oils".

Dear Sir, Madam,

The European Chamber of Commerce in Hong Kong (ECC) is grateful to have the opportunity to respond to the Government's consultation paper regarding Legislative Proposals on Regulation of Edible Fats and Oils and Recycling of "Waste Cooking Oils" (the "Proposals"). We would like to outline our views as follows.

The ECC appreciates all actions taken by the different departments of the Hong Kong SAR Government to secure the food safety in Hong Kong in general, and the containment of the impact of the "substandard lard" incident for the consumers in Hong Kong in particular. We support the efforts of the government to strengthen relevant regulations, with a view to striking a reasonable balance between effective market operation and public health protection.

Regarding the Proposals on the regulation of edible fats and oils, as outlined in sections 4.6 to 4.25, the ECC would like to point out that any measure should be proportionate to the risk and being based on a proper risk analysis with a view to minimise negative trade effects. The import requirements proposed by Hong Kong target, in general, all imports of edible oils and fats. Such approach, does not take into account the different levels of risks between the origin of imported products and neither the differences of risks between the type of imported edible oils and fats. Therefore, the ECC believes that the announced measures are considered too strict, as the proposed measures are not proportionate to the risk, neither based on a proper risk analysis based on science.

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With regard to the further proposals on strengthening regulation of recycling of "Waste Cooking Oils" (sections 4.26 to 4.32) we would like to respectfully draw your attention to our concerns as far as they relate to the proposed import or export permits as mentioned in section 4.27.

In general the ECC supports the implementation of a licensing system to strengthen the reputation and position of the industry. This should be done in close cooperation with the industry to assure that this has no negative effect on the collected volumes of Waste Cooking Oils in Hong Kong.

However, implementing trade barriers, like trade permits, should be avoided because they may cause distortion between the prices in Hong Kong and international markets. These differences in local and export prices may actually incentivize illegal trade, resulting in an unwanted side effect.

We would like to ask the Hong Kong SAR Government to take into consideration that all major players in the Waste Cooking Oil industry in Hong Kong are licensed under the ISCC (International Sustainability and Carbon certification) scheme (www.iscc.org/en). This scheme was implemented in 2013 under the Renewable Energy Directive of the European Union. The ISCC scheme offers full traceability of collected Waste Cooking Oil from the restaurants to the final processing of biodiesel all over the world. The ISCC certificate is issued for 1 year only. Every year all companies in the scheme are extensively audited by external auditing bodies to assure they meet all traceability requirements. The system is fully transparent because all certified companies can be found on-line (<http://www.iscc-system.org/en/certificate-holders/valid-certificates/>). Currently almost 2800 ISCC certificates are issued world-wide of which 8 are in Hong Kong.

In addition to the ISCC certification all major players in the Waste Cooking Oil recycling industry in Hong Kong are also certified under the HKQAA – Waste Cooking Oil Collectors and Processors Registration (HKQAA – WCOCR) in a voluntary capacity. The HKQAA scheme aims to facilitate organizations to collect and treat waste cooking oil in a proper way, through maintenance and verification of adequate and appropriate documents and records. The certification is issued for 1 year only. Every year all companies in the scheme are extensively audited by the Hong Kong Quality Assurance Agency (HKQAA) to assure they meet all traceability requirements. This is also a fully transparent system whereby all certified companies can be found on-line (http://www.hkqaa.org/cms/img/HKCOR/COR%20Launching_E_v12%20for%20web.pdf).

International trade rules in waste are managed via the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal ("The Basel Convention"). The Basel Convention, determines what kind of waste can be exported and the regulations that apply to assure that this is properly handled and that the receiving country has the ability and capacity to process the waste. Waste cooking oil is allowed to be traded internationally under the Basel Convention.

Most of the Waste Cooking Oils exported from Hong Kong go to Europe. In 2014 Europe produced 1.8 million MT of biodiesel from Waste Cooking Oils. There is strong support in Europe for biodiesel made from waste because of the positive impact on greenhouse gas emissions, replacing diesel by waste biodiesel. This strong support for waste biodiesel in Europe has had a very positive impact on the Waste

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Cooking Oil markets in Hong Kong. Before 2010 restaurants needed to pay to get their Waste Cooking Oil collected, but due to the support for waste biodiesel in Europe prices for Waste Cooking Oil increased, and therefore collectors were willing to pay for the Waste Cooking Oils. This has had a very positive impact on the recycled volumes of Waste Cooking Oils and therefore the environment in Hong Kong.

To assure proper and efficient recycling of the Waste Cooking Oils in Hong Kong the recycling industry can not only rely on the small local biodiesel industry. The Hong Kong waste industry needs the export markets with proper traceability in place, like the ISCC certification, to make sure all collected Waste Cooking Oils can be properly handled all the time.

The ECC would like to ask the Hong Kong SAR Government to implement legislation making it mandatory to blend biodiesel produced from Waste Cooking Oils in all diesel sold in Hong Kong as both Road and Marine fuel. Strong support in Hong Kong for biodiesel made from waste would have a positive impact on both the greenhouse gas emissions of Hong Kong and the recycling of local Waste Cooking Oil.

In conclusion our opinion regarding the proposals in sections 4.6 to 4.25 of the Proposals is as follows:

Any measure should be proportionate to the risk and being based on a proper risk analysis with a view to minimise negative trade effects. The import requirements proposed in the proposal target, in general, all imports of edible oils and fats. Such approach, does not take into account the different levels of risks between the origin of imported products and neither the differences of risks between the type of imported edible oils and fats. Therefore, the ECC believes that the announced measures are considered too strict, as the proposed measures are not proportionate to the risk, neither based on a proper risk analysis based on science.

In conclusion our opinion regarding the proposals in sections 4.26 to 4.32 of the Proposals is as follows:

The ECC fully supports the licensing of producers, collectors, processors and exporters/importers to strengthen the reputation and position of the Waste Cooking Oil industry. Licensing requirements should however be determined in close cooperation with the industry to ensure that it remains competitive and efficient.

Above all we should avoid that licensing requirements result in a negative impact on the collected volumes of Waste Cooking Oils and the environment of Hong Kong.

We do believe that implementing trade barriers, such as the proposed import and export permits (section 4.27), will have a negative impact on the local price of Waste Cooking Oil, and therefore would likely reduce the collected volumes of Waste Cooking Oils which negatively impacts the environment of Hong Kong.

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Furthermore, trade barriers may cause distortion between the prices in Hong Kong and international markets. These differences in local and export prices may also encourage illegal trade. The industry needs both local and international markets to assure collected volumes are handled in a proper and efficient way at all times.

Finally, trade barriers do not fit the spirit of Hong Kong being a free port.

Please do not hesitate to contact us should you have any questions or need our further thoughts.

 European Chamber of Commerce in Hong Kong

Chairman Environment & Energy Business Council

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