



Evidence of the work that needs to be done

For Eric Stone, environmental degradation has already created a niche. Last year, Stone started Asian Sustainable Development Publishing Ltd., launching *Prospects*. Stone is publisher and editor and chief of *Prospects*, the first regional magazine dedicated to covering the environment from a business perspective. He doesn't believe a lot of opportunity exists in cleaning up existing waste, although he admits that governments will have to hire firms to do some cleaning.

But Lisa Hopkinson notes that changing environmental controls, such as the water quality zones, are already creating demand. "When Victoria Harbour is gazetted, there'll be a big rush on. Equipment suppliers have said there has not yet been a big uptake," she says. Industry will have two choices — end-of-pipe solutions or cleaner technology that is more cost effective and environmentally friendly over the long term.

## Getting tougher

But legislation and regulation are not predicted to be the main motivations for companies to introduce cleaner technologies. In the past, laws have not been enforced. In a famous 1992 case, a record \$100,000 fine for water pollution was imposed — after the company's fifth offense. In fact, Hopkinson says that government could begin cleaning up the harbour by enforcing existing legislation. But she admits that industry also needs support. "It's not just a matter of hitting industry over the head," she says.

Rona Westgate, a solicitor with Lovell White Durrant and the co-founder and chairperson of the Hong Kong Environmental Law Association, admits there is not much prosecution, or much conservation legislation. "I think the EPD needs a legal department,"

Westgate says. "It's a case of making sure businesses know they are breaking the law and will be fined. Any sort of environmental measures cost money. If you can get away without, why bother?"

But the Building Ordinance now before the Legislative Council proposes better energy conservation, and under new regulations proposed by the EPD which should be put before the

Legislative Council next 6 year, developers could face HK\$5 million fines and jail sentences if they do not minimize the environmental impact of construction projects. "Conservation is creeping in," says Westgate.

## Trade linkages

Despite increasing conservation, Westgate believes trade linkages will have an impact on Hong Kong's attitude towards its environment. Stone agrees, predicting that Hong Kong will have to improve its environmental record as it responds to external pressure. "Hong Kong lives on exports and re-exports. It's very dependent on goodwill. Hong Kong is very affected by international standards," he explains. According to Westgate, that international pressure could come through trading systems. The American administration, for example, is considering slapping duties on goods produced in less eco-friendly economies than the United States.

Stone points to other international factors, such as ISO 1800, which has a lot of environmental provisions. "A Hong Kong company will have to abide by that if it wants to export," he says. "Throughout Asia, enforcement is probably not as important as compliance." Stone doesn't believe Hong Kong companies will flee to China. "China is no refuge," he says.

Stone sees opportunities in hazardous waste treatment, and in clean technologies, pointing to the Montreal Protocol, which bans CFCs and comes into effect in 1995. "It's going to completely change the refrigeration industry. There are huge opportunities there." He also sees "enormous growth in recycled prod-

ucts," noting that the U.S. government, the world's single largest user of paper, recently upgraded the quantity of recycled paper it requires, expanding the recycled paper market overnight. Stone says that Canadian companies are known for their expertise in recycling paper and in hydro-electric power, and suggests there are opportunities for them in Hong Kong and Asia. Canada's Asian immigrants and their contacts offer another important advantage, according to Stone.

## Environmental market

In the future, Stone believes that the polluter-pays-principle will create an environmental market, with companies that will buy and sell bonds that allow pollution, and trade in pollution futures. "There will be a whole world of environmental finance. If that kind of concept becomes big in Asia — and it's being discussed in Thailand and Korea — Hong Kong, as a financial centre, could play a big role in that," he says.

Stone offers this advice: "If I were a big company, I would really be looking at getting a mainland Chinese partner, or a mainland Chinese company based in Hong Kong. Cut them in on the deal." Cynics might suggest another tactic — find a British partner before 1997, and then a Chinese partner.

Taking care of business will be the key. "The dollar still drives this Territory," says WWF's Ruxton. With increasing international attention being paid to eco-issues, the environment will become a bottom line issue for many Hong Kong companies. That could be good news for Canadian companies. And it might just keep Hong Kong in the pink.

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