

Chapter 4 Hong Kong -The Transit-port for Recyclable Wastes & Secondhand Goods

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Chapter 4

Hong Kong—The Transit-port for Recyclable Wastes & Secondhand Goods

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INTRODUCTION

Hong Kong is a duty-free port and serves as the leading transit port for international distribution in the Asia region. It is particularly active as a transit port for goods bound for China from

Japan, the US and Europe, and also functions as the window to the mainland for transboundary movements of recyclable wastes.

SECTION 1: INTERNATIONAL TRADE IN RECYCLABLE WASTES

Hong Kong's trade statistics list re-exports figures as well as those for import and export. Whether the value added is more or less than 25 percent of the FOB price (freight-on-board price: the commodity price excluding transport costs and insurance), provides a benchmark for distinguishing between domestic exports and re-exports¹. The same applies to recyclable wastes, the statistics for which can be taken as either domestic exports or re-exports. Re-exports are not included in the figures for import.

In 2003, 204 thousand tons of steel scrap were imported. Eleven thousand tons were re-exported, with 94 percent going to mainland China. The gross export volume is listed as 1.37 million tons; of this, 83 percent was shipped to the mainland. Statistics show that 17.7 percent of all Chinese imports of steel scrap passed through Hong Kong.

Approximately 111 thousand tons of copper scrap were imported in 2003. Meanwhile, 336 thousand tons was exported, of which around 96 percent was shipped to China. Also, re-exports account for approximately 84 percent of total export. 9.5 percent of Chinese copper scrap imports are listed as passing through Hong Kong.

In contrast to cargoes of steel and copper scrap,

the trade volumes of waste plastics are considerably higher, with the statistics for 2003 revealing that 2.22 million tons was imported, while exports reached 1.72 million tons (Table 4-1). The figures show that 99 percent of re-exports and domestic exports emanating from Hong Kong shipped to the mainland. China imported 3.02 million tons of waste plastics in 2003, approximately 57 percent of which either passed through or originated from (domestic exports included) Hong Kong.

As detailed hereunder, international trade in hazardous wastes requires the prior approval of Hong Kong's Environmental Protection Department. In 2003, 41 tons of Ni-Cd battery waste was exported to Korea and 229 tons of precious metal ash shipped to Italy. Hong Kong imported no consignments of hazardous waste that year, but in 2001 and 2002, received imports of solvent and solvent contaminated debris and spent plating bath solution from China. In terms of both the number of transactions and the volumes involved, transshipments of hazardous waste through Hong Kong are becoming more prevalent than imports and exports destined to and originating from this region. Between 2001 and 2003, for example, Korean and Japanese exports of hazardous waste bound for Europe, and those shipped from Malaysia to Japan passed through Hong Kong (Table 4-2).

¹. See Sawada (1997).

Table 4-1: Chinese Imports of Waste Plastics, Hong Kong Exports to China

(Unit: thousand tons)

	Chinese Import Stats		Hong Kong Stats on Exports to China		
	Global	Hong Kong	Re-exports	Local exports	Total
1994	374	79	642	297	939
1995	559	84	740	285	1025
1996	212	18	667	193	861
1997	450	74	697	147	845
1998	654	108	930	177	1107
1999	1388	312	1201	129	1330
2000	2007	880	1424	150	1574
2001	2225	1124	1271	207	1479
2002	2457	1293	1429	155	1585
2003	3024	994	1540	187	1728

Source: Compiled from Chinese and Hong Kong trade statistics.

Table 4-2: Hazardous Wastes Exported Via Hong Kong

Year	Category of Waste	Volume	Origin	Destination
2001	Metal Hydroxide Sludge	1,008 tons	Malaysia	Japan
2001	Nikel Oxide	25 tons	Malaysia	Japan
2001	Tin, Metal Oxide	230 tons	Japan	UK
2001	PCB-Contaminated Liquid & Transformer PCB	115 tons	Korea	Netherlands
2002	Metal Hydroxide Sludge	1,000 tons	Malaysia	Japan
2002	PCB-Contaminated Liquid & Transformer PCB	31 tons	Korea	Netherlands
2002	Zinc Sulphate Monohydrate with traces of Cadmium	55 tons	Australia	China
2003	Metal Hydroxide Sludge	1,000 tons	Malaysia	Japan
2003	Tin Lead Bearing Residues	157 tons	Japan	Belgium

Notes: Prior approval was obtained from Hong Kong's Environmental Protection Department. No illegal exports are included.

Source: Compiled from data posted on the Environmental Protection Department's website (<http://www.epd.gov.hk/epd/>).

SECTION 2: WASTE PLASTICS & HONG KONG

2.1 Hong Kong's Role in the International Waste Plastics Trade

As evidenced in Section 1 above, waste plastics occupy a dominant position in the flow of recyclable wastes passing through Hong Kong and almost all consignments find their way to China. Moreover, just under 60 percent of Chinese imports of this commodity has either been re-

exported from Hong Kong or originated from the region as domestic exports. Transshipments of waste plastics that are landed at Hong Kong and then re-exported to China can be broadly classified into two types, those following the river transportation route and those following the overland route. Representative routes are given below².

² For details, see Terazono, et al. (2004).

- Various foreign countries → Hong Kong → (river transportation route) → Shajing Port (Shenzhen) → (overland) → Yantian (Dongguan, passing through customs here) → (overland) → factories in Tangxia
- Various foreign countries → Hong Kong → (overland) → Shenzhen (passing through customs here) → (overland) → factories in Shantou
- Various foreign countries → Hong Kong → (overland) → Dongguan (passing through customs here) → factories in Guangzhou

The history of the development of the waste plastics recycling industry in this region is heavily connected with the large volumes of waste plastics passing through Hong Kong en route to China. Before China began pursuing a policy of reform and liberalization, recycling industries for plastics and other waste materials had already sprung up in Hong Kong and Taiwan. Once China opened its doors to the world, Hong Kong and Taiwan moved their factories to the mainland in pursuit of lower labor costs. China offered a cheaper more prolific workforce for carrying out the sorting process that is crucial to recycling, which also enabled operators to rein back processing costs. Accordingly, factories were relocated to China, with its low labor overheads. In similar vein, In China there are many plastic products factories that furnish the demand for recyclable plastic wastes. Many of the waste plastics imported by China are re-manufactured into videotape, stereo casings, regenerated fiber, toys and other articles of daily use and then shipped out again to foreign destinations.

No customs duties are levied on the imports and exports of waste plastics that pass through the duty-free port of Hong Kong. Moreover, the waste plastics imported by China for its processing trade (products manufactured from imported resources that are then re-exported) are also exempt from value-added tax (VAT)³. There is no need to bear additional customs duties or VAT if the final products are exported, even if the factory is one that has been relocated to China.

Pre-shipment inspections are mandatory on exports of recyclable wastes bound for China from foreign countries, but this requirement does not apply to consignments destined for Hong Kong. Furthermore, the customs inspections performed in Hong Kong are said to be considerably more lenient than those under-

taken on direct imports to mainland China. Also, under Chinese law, licenses must be obtained for imports of waste plastics, but since this regulation does not apply in Hong Kong, importers in Hong Kong do not need to obtain import licenses and import procedures are very straightforward. In consequence, many companies maintain a stockpile of waste plastics in Hong Kong, utilizing the port as a buffer stock for resource procurement. Cargoes of waste plastics passing through Hong Kong that are re-exported to China are required to undergo the pre-shipment inspections of CCIC (China Certification and Inspection Group), and the inspection fees can prove cheaper in Hong Kong, depending on the country of origin.

As with other commodities, the outstanding service offered by Hong Kong in terms of credit facilities and foreign exchange settlement, provide interested companies with an incentive to select the port for transshipment.

Finally, waste plastics are lighter, and easier to transport and store than metal scrap. There are thus minimal disadvantages to landing, transporting and warehousing waste plastics in Hong Kong.

The combination of these factors is believed to lie behind the surge in China-bound exports of waste plastics that are shipped via Hong Kong.

2.2 Hong Kong Plastics Recycling Association's Cooperation in the Reopening of Trade in Waste Plastics

The Hong Kong Plastics Recycling Association is a non-profit organization that has some 100 corporate members. More than 90 percent of the member companies have relocated factories to Shenzhen, Dongguan or Huizhou.

On April 1, 1996, the Chinese government

³ However, when products manufactured using recycled plastic sourced from exports of waste plastics originating from Hong Kong are consumed in China, VAT is levied on the waste plastics.

imposed a ban on all imports of waste plastic materials. A US consignment of waste that had been labeled as waste paper was opened in the outskirts of Beijing and found to contain disposable syringes and diapers, as well as waste tires and other prohibited imports, and the government seized the opportunity of this “foreign garbage” incident to impose a trade embargo. The ban dealt a major blow to businesses involved in waste plastics recycling, and many companies clamored for complaints to be made to the competent authorities within Chinese government. Industry proponents realized that, rather than acting independently, they would have greater chance of having their complaints heard if they set up an industry association and tackled the government en masse, and the Hong Kong Plastics Recycling Association was accordingly established in May 1996. The director of the Association, Flint D.L. Chan, approached the Chinese State Council directly, and in a strongly-worded protest stated that “The problem lies with only a part of waste (i.e. plastics) and we do not consider a blanket ban to be an appropriate measure”⁴.

According to the Association’s director, Flint D.L. Chan, at that time, it was not clear which department had supervisory responsibility for problems arising in connection with “foreign garbage,” and the various authorities indulged in a bout of mutual finger pointing in a bid to move the responsibility elsewhere. In petitioning the Chinese government, the Association asserted that were waste consignments to be inspected earlier it would be possible to prevent the influx of unsanitary waste, and sought to have the ban on waste imports lifted subject to pre-shipment inspections. The government of China accepted this precondition and assigned responsibility for pre-shipment inspections of inbound consignments of waste to a foreign affiliate of CCIC. China Inspection Company Limited (CIC) was instructed to carry out pre-shipment inspections in Hong Kong as an outpost agency for CCIC, and the import ban was lifted in July 1997⁵.

2.3 Recent Trends in the International Waste Plastics Trade

According to Chinese statistics, the country imported 2 million tons of waste plastics in 2000. Meanwhile, statistics in Hong Kong show that 1.42 million tons were re-exported from there to China, and if the two figures are simply tallied this means that 70 percent of China’s waste plastics imports came via Hong Kong. However, the statistics for 2003 suggest that there has been a surge in direct exports to China (i.e. less is being shipped through Hong Kong). Chinese statistics show imports of 3.02 million tons, while those for Hong Kong list the re-export volume for China as 1.54 million tons. This means that the percentage of China’s waste plastics imports entering via Hong Kong decreased from 71 percent in 2000 to 51 percent in 2003. In terms of absolute volume, China-bound re-exports originating from Hong Kong are still on the increase, but the volume is decreasing in relative terms.

Figure 4-1 shows the monthly data for Japanese exports of waste plastics to China and Hong Kong, and export from Hong Kong to China from January 2003 onwards. The data demonstrates that, for all practical purposes, exports bound for China stopped in May 2004, and instead, exports to Hong Kong began increasing. This is because China imposed a total ban on all Japanese exports of waste plastics from May 2004 as the result of an incident involving a falsely labeled consignment of waste plastics that was found to contain large volumes of unrecoverable wastes⁶. The waste plastics that Japan could no longer export directly to China started being shipped to Hong Kong, thus Japanese exports to the region increased from 47 thousand tons in March 2004 to 78 thousand tons in October, which, in view of the surge in domestic exports (the difference between export and re-export volumes), can be interpreted to mean that the cargoes were landed at Hong Kong where they underwent some form of treatment and were given added value before being exported on to China. In consequence, the figures show the share of transiting Hong Kong in Chinese imports increase from 50% in January to 72% in

⁴ Hong Kong China News Agency, May 22, 1996

⁵ Based on an interview with Association Director (Flint D.L. Chan) at the Hong Kong Plastics Recycling Association on November 3, 2004. Note that Japan China Commodities Inspection Co., LTD. is responsible for pre-shipment inspections of direct exports from Japan to China.

⁶ Readers are referred to Chapters 2 and 3 for more details.

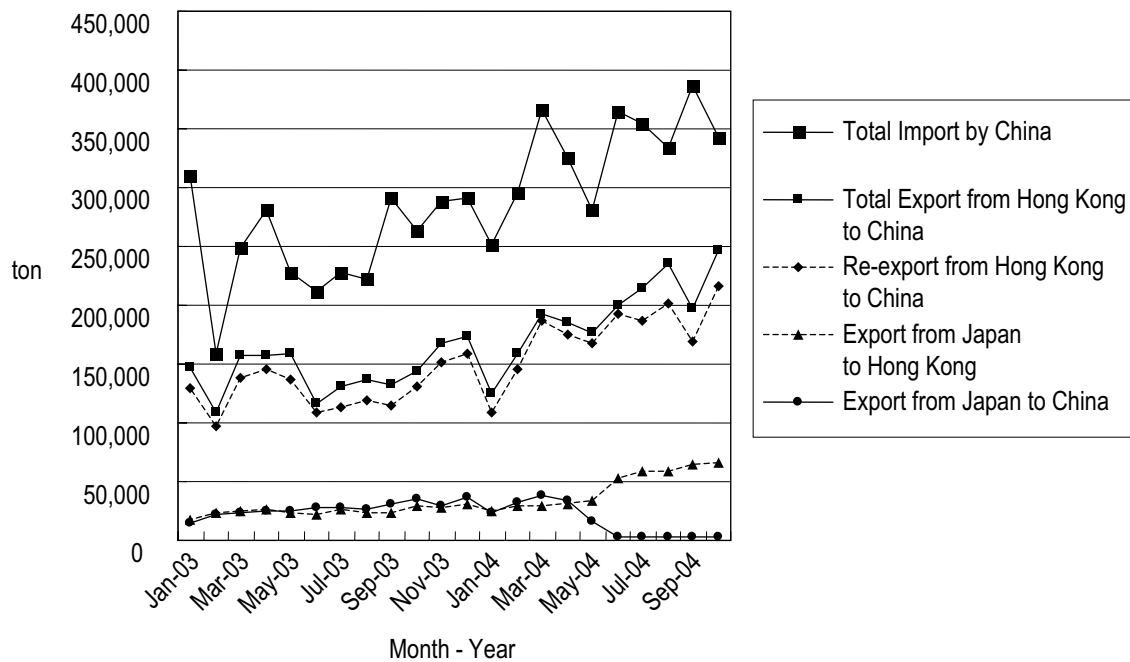
October 2004 (based on Hong Kong data on re-export and domestic export volumes). The export ban is still in place, but were it to be lifted it is believed that the volume of direct exports of waste plastics from Japan to China would again rise.

2.4 The Reliability of Chinese Trade Statistics

As a glance at Table 4-1 will demonstrate, Chinese statistics on waste plastics prior to 1999 are totally inaccurate. Up to 1998, the figures for total world imports released by China are consistently lower than the Hong Kong statistics on total exports bound for China (domestic exports plus re-exports from Hong Kong), and by a considerable margin. It has only been since 1999, when the former began to exceed the latter, that the figures have become remotely convincing⁷.

The change that is evidenced in China’s statistics is related to the launch of a Chinese government campaign to eradicate smuggling in the summer of 1998. The determined measures adopted by a Chinese government exasperated by rampant large-scale smuggling of everything from vehicles to chemical fibers were successful, and there is said to have been a significant decrease in contraband trade. Whether the volume of waste plastics passing through customs—thus legitimately—into China has increased, or there has been a drop in under-reporting by customs officials, this is being reflected in China’s trade statistics. The easing of the restrictions that China imposed on imports of waste plastics in 1996 around July 1997 and the simplification of import procedures through regular channels is also believed to be contributory to greater statistical accuracy.

Figure 4-1: Exports of Waste Plastics from Japan and Hong Kong To China (since January 2003)



Source: Compiled from Chinese, Hong Kong and Japanese trade statistics.

⁷ Some of the consignments listed in Hong Kong trade statistics as having been re-exported to China are recorded in Chinese statistics as having been imported directly from the original country of export, and the figures do not tally overall.

SECTION 3: CHINA-BOUND EXPORTS OF RECYCLABLE WASTE ORIGINATING IN HONG KONG

Hong Kong's population, being no more than around 6.8 million, is not capable of generating sufficient waste to keep the region's recycling industry in supply. Moreover, wages have increased to levels that are far higher than those in China, for example⁸; thus various recyclable resources are collected in Hong Kong and exported to become the materials for foreign recycling industries (see Table 4-3). No more than approximately 9 percent of Hong Kong's collected plastic waste and 19 percent of its used paper is recycled in the region. All its iron scrap is exported.

At shipping, the quality of recyclable wastes exported to China from Hong Kong is inferior to that shipped from other countries and regions, and there is evidence to suggest that it does not

always come up to Chinese regulatory control standards. The recyclable resource collection agents that were visited by the authors were found to be shipping PET bottles as compressed bales instead of washed flakes, and to be dealing in used hot-water boiler, the import of which is banned by China, which had merely been crushed slightly to reduce bulk.

Similar problems have been pointed out in connection with the electronic and electrical waste exported from Hong Kong. Greenpeace China estimates that Hong Kong discards 450 thousand personal computers annually. Some of these end up in landfills in Hong Kong, but most of the remaining 380 thousand computers find their way to the mainland, whether it be through legitimate or illegitimate channels⁹.

Table 4-3: Recycling Volumes for 2003

(Unit: thousand tons)

	Domestic recycling	Exports	Export ratio
Plastics	19	188	90.8%
Paper	149	633	80.9%
Iron and steel	0	1202	100 %
Nonferrous metals	7	73	91.3%
Others	33	73	68.9%

Source: Compiled from data posted on the Environmental Protection Department's website (<http://www.epd.gov.hk/epd/>).

SECTION 4: MANAGING INTERNATIONAL TRADE FLOWS OF RECYCLABLE WASTES & SECONDHAND GOODS PASSING THROUGH HONG KONG

On July 2, 1996, the US was instructed to ship back a consignment of waste plastics that it had attempted to export to Fuzhou without an import license. The shipment languished in Hong Kong for two months because US refused to ship it back to its origin. In response, the Hong Kong government enacted the Waste Disposal Ordinance (WDO), having front-loaded it from the scheduled December enforcement date to September.

The WDO divides wastes into two categories based on their characteristics (Annex Tables 6 and 7). (1) Wastes (non-hazardous) listed in Annex Table 6, (2) which is not contaminated (according to the WDO definition) wastes, and (3) which is destined for reprocessing, recycling or recovery operation, or the reuse of waste may be imported and exported without obtaining the license issued by the Environmental Protection Department. Battery waste, spent fuel, used televisions/monitors, and other items listed in

⁸ Even with a small population, Hong Kong could manage to establish a recycling industry for imported wastes if its costs, wages and others, were lower. The plastics recycling industry may be seen as a case in point, but soaring wages have meant that businesses have been steadily relocating their factories to China.

⁹ According to Greenpeace China (2003).

Annex Table 7 are defined as hazardous and require a license for import, export or transshipment through Hong Kong.

Caution is necessary, because China and Hong Kong have applied the one-country, two-systems principle to wastes and implement “two different management systems,” and Chinese regulations are not applicable in Hong Kong. For example, China imposed a ban on imports of used electronic and electrical products in 2000, but imports, even of these commodities, can proceed if an import license is obtained in Hong Kong.

Meanwhile, in January 2000, China’s State Environmental Protection Administration and Hong Kong’s Environmental Protection Department concluded a memorandum of understanding on the control of waste movements inside China. This memorandum of understanding was entitled the “Manifest Relating to the shipments of hazardous waste between the Mainland and Hong Kong” and established the principle of prior notification and approval for transboundary movements of hazardous wastes between the mainland China and Hong Kong; it further stipulated that waste movements inside the Hong Kong region would be controlled on the basis of the extant WDO. ‘Hazardous wastes’ here refers to the items regulated by the Basel Convention (wastes listed in Table A of Annex I, Annex II and Annex IIX) and those regulated under Chinese (domestic) legislation and Hong Kong Special Administrative Region’s legislation. In addition, the governments of China and Hong Kong Special Administrative Region decided to undertake a study into the joint control of wastes that are difficult to dispose of properly in the two territories, which resulted in the inclusion of provisions on (1) the transfer, storage and disposal of low level radioactive wastes generated in Hong Kong Special Administrative Region to the mainland, and (2) the disposal of hazardous wastes transferred from the mainland to the Chemical Waste Disposal Center in Hong Kong Special Administrative Region in the aforementioned diplomatic memorandum.

However, there have been criticisms that the

principle of “prior notification” set forth in the Manifest is purely nominal (Greenpeace China [2003]). This derives from the fact that, under Hong Kong customs’ “Import and Export (Registration) Regulations,” reports need only be submitted to customs officials within 14 days after shipped out of Hong Kong. Since it ordinarily takes just one day to transport goods by ship from Hong Kong to Guangdong, reports submitted on the fourteenth day, i.e. within the statutory deadline, would likely come after the wastes (disposed PC’s, for example) had been fully “recycled.”

The Environmental Protection Department has set up an investigatory team to look into what recyclable wastes are being imported and exported, and conducts its inquiries/expositions on the basis of reports from customs officials and other official sources. In order to detect illegal wastes, criteria are needed for judging whether or not the wastes are contaminated and if they correspond to hazardous wastes. “Contaminated wastes” are defined in the WDO as being those that pose a considerable risk to human health, (national) assets, or the environment, or those that cannot be recycled into an environmentally friendly manner. Used televisions and personal computers are required to be in safe and fully-functional condition, their operability must be checked prior to shipment, and they must be properly packaged¹⁰. In recent years, the monitors of waste TV sets and computers have come to be regarded as hazardous wastes. Hong Kong has adopted a measure requiring consignments of waste televisions and computers that are not brought into the country via official channels to be shipped back to the country of export (Table 4-4).

In August 2003, for example, officials from Hong Kong’s Environmental Protection Department and the General Administration of Customs searched a vessel carrying the Chinese flag as part of the joint measures to clampdown on illegal exports of hazardous e-waste and found approximately 1,000 used PC monitors and TV sets¹¹. This incident made the news because it marked the first time that a prison sentence was handed down for the transboundary movement of hazardous waste. A Hong Kong court ruled

¹⁰ However, there are no special regulations specifying measures for determining whether a consignment is “not contaminated” and inspectors are in fact being called upon to make on-the-spot decisions.

¹¹ First “Ruling” under the Waste Disposal Ordinance, Zhongshan News, August 24, 2003

Table 4-4: Imports of Hazardous Wastes Uncovered in Hong Kong (1996 onwards)

Date uncovered	Origin	Category of waste	Import goods (claimed)	Volume
1996.4	Germany (via Belgium & the Netherlands)	Furniture waste, industrial waste	Unknown	700 tons
1996.4-5	USA	Medical waste, household waste, used paper, waste plastics	Unknown	480 tons
1996.8	USA	Furniture waste	Waste plastics	200 tons
1996.11	USA	Unknown	Unknown	1 container
1996.11	Australia	Battery wastage	Unknown	40 tons
1997.1	Australia	Lead shard waste	Unknown	1015 tons
1997.2	Australia	Lead waste	Unknown	20 tons
1997.7	Australia	Waste PCs, etc.	Scrap metal	Unknown
1997.7	USA	Waste	Unknown	Unknown
1998.1	Taiwan, Korea, USA, France	Contaminated plastics	Waste plastics	38 containers
1998	Unknown	5 transformers	Unknown	14 tons
1999.4	USA	Waste cathode ray tubes	Mixed metal scrap	1 container
1999.7	Malaysia	Waste batteries	Scrap materials	1 container
1999.9	USA	Waste cathode ray tubes	Mixed metal scrap	2 container
2000.7	UK	Plastic bottle with waste water	Plastic scrap	1 container
2000.10	Japan	87 drum cans containing primary batteries	Unknown	26 tons
2001.1	USA	Waste cathode ray tubes	Mixed metal scrap	1 container
2001.2	USA	Waste cathode ray tubes	Mixed metal scrap	1 container
2001.4	Japan	300 waste computer monitors, TV sets, etc.	Mixed metal scrap	15 tons (1 container)
2001.5	USA	Waste cathode ray tubes	Mixed metal scrap	7 container
2001.7	USA	Waste cathode ray tubes	Mixed metal scrap	1 container
2002.2	USA	Waste cathode ray tubes	Mixed metal scrap	1 container
2002.2	Canada	Waste cathode ray tubes	Mixed metal scrap	1 container
2002.8	Japan	1,100 waste PC monitors	Metal scrap in-mix	72 tons (4 container)
2002.10	Korea	Waste batteries	Mixed metal scrap	1 container
2003.1	USA	Clinical waste	Plastic Scrap	1 container
2003.10	USA	Waste PC monitors	Mixed metals	1 container
2003.11	Japan	800 waste PC monitors and TV sets	Used PC monitors / TV sets	14 tons (1 container)
2003.11	Japan	130 waste PC monitors and other electronic waste	Used PC monitors / TV sets	28 tons (1 container)
2003.12	Singapore	Waste PC monitors	Used PC monitors / TV sets	1 container

Source: Compiled from Hong Kong Environmental Protection Department data, etc

that an attempt had been made to export hazardous wastes without a license and handed down a 2-year prison sentence to the vessel's master, who stood accused of perpetrating the crime¹². Under the WDO, persons importing or exporting hazardous wastes without a license issued by the Environmental Protection Department are liable to pay a fine of up to 200,000 Hong Kong Dollars (HKD) or to serve a prison sentence of up to 6 months for a first offense; repeat offenders must pay a fine of up to HKD 500,000 or serve a prison sentence of up to 2 years.

On March 1, 2004, the Environmental Protection Department and the General Administration of Customs launched "Trigger," a program designed to crackdown on imports of electronic and electrical waste (e-waste). Reports state that by April 30, 133 suspicious cases had been investigated, fifteen of which were exposed as being illegal imports of e-waste¹³. Further, in September of that year two vessels were detected attempting to export waste PC monitors into China without a license¹⁴. According to the Environmental Protection Department, the number of cases for which they have sufficient evidence to either expose or pursue criminal charges against is not high, and the incidences outlined in Table 4-4 represent no more than the tip of the iceberg.

As the above demonstrates, Hong Kong is moving to strengthen the enforcement of its regulations on transboundary movements of e-waste.

Stricter enforcement of this nature, however, is "easy to say, but more difficult to do." Large quantities of used electronic and electrical products (particularly CRT televisions), ostensibly for reuse, continue to be exported to China via Hong Kong. Greenpeace China (2003) reports that the foreign e-waste piling up in the Guiyu area of Guangdong Province is being shipped via Hong Kong, entering China via Guangzhou or Nanjing from where it is transported to Guiyu¹⁵. Again, an NHK broadcast of July 2004 entitled "Japanese Trash Crossing to the Mainland: Chinese Style Recycling Alchemy," reported that Japanese computer waste is being landed at Hong Kong and then smuggled into China using ferries and other marine craft.

As the above explanation makes clear, because, under the current "one-country, two-systems" principle, Chinese regulations and standards are not being applied in the Hong Kong Special Administrative Region, imports of wastes that are banned by China and those failing to meet Chinese import standards can still be exported to the mainland via Hong Kong. Moreover, although recent efforts have been made to tighten the restrictions controlling exports originating in Hong Kong that are bound for mainland China, since the watchful eyes of inspectors are not necessarily as clear as they might be, cargoes of wastes that are banned by China are still managing to slip into the country via Hong Kong.

SECTION 5: THE INTERNATIONAL NETWORK & HONG KONG

Under the "one-country, two-systems" policy, China, as a Party to the Basel Convention, and Hong Kong are separately implementing the controls on transboundary movements of wastes required by the Convention based on the laws and ordinances that apply respectively on the mainland and in Hong Kong. This means that the Chinese government's report that is posted

on the website of the Basel Convention Secretariat contains almost no information relating to Hong Kong.

By contrast, staffs of Hong Kong's Environmental Protection Department have been invited to join IMPEL-TFS¹⁶, the network of representatives from enforcement authorities of EU

¹² First "Ruling" under the Waste Disposal Ordinance, Zhongshan News, August 24, 2003

¹³ Based on an April 30, 2004 press release by Hong Kong's Environmental Protection Department entitled: "Enforcement against hazardous e-waste movement strengthened."

¹⁴ Based on a September 22, 2004 press release by Hong Kong's Environmental Protection Department entitled: "Vessel masters convicted for exporting hazardous waste."

¹⁵ In the Guiyu area of Guangdong Province, small-scale recyclers who dismantle electronic waste and remove IC chips or usable parts from circuit boards are located. But such operators are not taking the necessary pollution control measures. The area has become renowned not only in China but throughout the world. For more details, see Chapter 3 of this report or the Basel Action Network and Silicon Valley Toxic Coalition (2002).

¹⁶ For more details, see Chapter 6.

member states that deals with the control of transboundary movements of hazardous wastes. As a transit port, Hong Kong stands between exporters and importers, and from this position serves an important role in specifying the country of origin, transport procedures and so forth, in the event that a ship-back instruction is issued in respect of an unlicensed consignment of wastes. This can occasionally cause problems, such as those experienced in the Fuzhou ship-back incident of 1996 when the exporter refused to ship back the consignment and the waste ended up being abandoned in Hong Kong long term. The invitation to the authorities responsible for regulation and monitoring to exchange information derives from a post-2000 increase in exports of recyclable wastes from Europe to

Asia and is considered to evidence the importance the EU places on Hong Kong's role as a transit port.

Turning to the Asia region, Hong Kong's Environmental Protection Department has recently begun requesting cooperation from the enforcement authorities responsible for transboundary waste movements in the governments of Asian nations in its bid to tighten controls on international flows of e-waste¹⁷. It is perhaps only natural that Hong Kong is being asked to take on a major role in the bid to form an Asian network for cooperative control transfrontier shipments of waste, because it is the transit port to China—the country that has become “the world's factory” and a vast market too.

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¹⁷From a Hong Kong Environmental Protection Administration press release entitled “Vessel masters convicted for exporting hazardous waste” dated September 22, 2004.