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# Hong Kong as Dirtiest Global Financial Center Is Tsang's Legacy

*By Natasha Khan - Mar 22, 2012 12:00 AM GMT+0800 BLOOMBERG*

Harboring an unlicensed duck in [Hong Kong](#) can land a fine of HK\$50,000 (\$6,440) after the world's first human deaths from bird flu were recorded in the city 15 years ago. That's 50 times the penalty for driving a vehicle belching [smoky fumes](#).

Failure to force aging buses and trucks off Hong Kong's streets is a key cause of air pollution that results in more than 3,000 premature deaths a year, according to [Civic Exchange](#), a think tank. In contrast, the H5N1 virus has killed 350 people [worldwide](#) since 1997, World Health Organization data show.

March 16 (Bloomberg) -- Andrew Davis, associate director-general at InvestHK, and Phillip Overmyer, chief executive of the Singapore International Chamber of Commerce, talk about the attractiveness of Hong Kong and Singapore as financial hubs in Asia. Singapore is Asia's most competitive city in attracting businesses, efficiency and promoting a clean environment, according to an Economist Intelligence Unit report commissioned by Citigroup Inc. Hong Kong was ranked fourth overall, the report showed. Davis and Overmyer speak with Rishaad Salamat on Bloomberg Television's "On the Move Asia." (Source: Bloomberg)

[Attachment: Best Countries for Business Ranking](#)



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Buses move down a road in the central district of Hong Kong. Average annual roadside levels of nitrogen dioxide, an auto pollutant that inflames lungs, increased 27 percent in Hong Kong last year from 2007, according to the city's Environmental Protection Department. Photographer: Scott Eells/Bloomberg



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The Central Roadside Air Quality Monitoring Station stands in the Central District of Hong Kong. Photographer: Jerome Favre/Bloomberg



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The air-quality meter in the Central business district has registered an average roadside pollution level of “high” or “very high” every day bar one this year. Photographer: Jerome Favre/Bloomberg



[Enlarge image](#)

Commuters wait at a bus stop in Hong Kong. Photographer: Jerome Favre/Bloomberg



[Enlarge image](#)

Airborne particles from vehicle exhausts and combustion in power stations have the greatest impact on human health, causing 9 percent of lung cancer deaths globally, according to WHO estimates. Photographer: Jerome Favre/Bloomberg



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Traffic stands still in the Central district of Hong Kong. Photographer: Jerome Favre/Bloomberg



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A group of women stand on the waterfront with high rise buildings blanketed in a haze behind them in Hong Kong. Photographer: Jerome Favre/Bloomberg

“People normally don’t realize that air pollution can cause cancer, heart and respiratory diseases,” said Carlos Dora, coordinator at the Geneva-based health agency’s Department of [Public Health](#) and Environment, who puts the global annual [death toll](#) from filthy urban air at 1.3 million. “Those are the diseases that really are the big, big plague.”

As Chief Executive Donald Tsang steps down after seven years in office, he leaves a city that boasts the world’s most valuable stock exchange, hosted three of the five biggest initial share sales in history, and is the best place on the globe for business, a new gauge by Bloomberg Rankings shows. Blotting the record is another superlative: the most polluted international financial center.

New York, London, [Tokyo](#) and [Singapore](#) all have [cleaner air](#) and [more ambitious](#) improvement targets, according to WHO data and the city governments’ websites. As [China](#) opens its economy, removing the [capital controls](#) that led investors to use Hong Kong as a proxy for Chinese growth, pollution risks undermining Tsang’s economic successes.

## Singapore Bound

“I am leaving Hong Kong explicitly because of the air,” said Alex Turnbull, an Australian banker at a Wall Street firm, who plans a move to Singapore in May. “When capital controls leave, how on earth will this city stay competitive? Hong Kong is at risk of being irrelevant in the long run.”

The government will continue to strive for better [air quality](#), “both for our citizens’ health and to attract overseas talents and enhance Hong Kong’s competitiveness as a financial hub and tourist destination,” Tsang’s office said in an e- mailed response to questions yesterday.

Sandwiched between the Asian headquarters of [JPMorgan Chase & Co. \(JPM\)](#) and a [Tiffany & Co. \(TIF\)](#) outlet, the air-quality meter in the Central business district has registered an average [roadside pollution](#) level of “high” or “very high” every day bar one this year. In 1999, 66 percent of days were at those levels. By 2010 and 2011, it was more than 90 percent.

## Lung Cancer

Airborne particles from vehicle exhausts and power stations have the greatest impact on human health, linked to [9 percent](#) of [lung cancer](#) deaths globally, WHO estimates.

Hong Kong’s average reading of particulate matter with a diameter of 10 micrometers -- about [1/7th the width of a human hair](#) -- or less in 2009 was 50 micrograms per cubic meter, according to a [WHO survey](#) of 1,100 cities. While that was less than half Beijing’s, it compares with 29 in Singapore and [London](#), 23 in Tokyo and 21 in New York. The WHO [guideline](#) is 20.

Average annual roadside levels of nitrogen dioxide, which [inflames lungs](#), increased 27 percent in Hong Kong last year from 2007, [Environmental Protection Department](#) data show. The 2011 levels were more than triple WHO [safety limits](#).

Hong Kong also adopted the lowest or second-lowest [interim targets](#) WHO offers. The agency has a number of objectives aimed at poorer countries just “getting onto the curve,” said Anthony Hedley, honorary professor of community medicine at the [University of Hong Kong’s School of Public Health](#). “It’s not intended for a modern developed city like Hong Kong.”

## Trends Down

The government says pollution trends are down, with a one- third drop in particulates since 1999. Nitrous oxide is 28 percent lower and sulphur dioxide has fallen 56 percent, government data show. Still, Nitrogen dioxide is up 24 percent, ozone 21 percent, and those pollutants that had dropped are either up or little changed since 2009.

The city’s observatory recorded 750 hours of [reduced visibility](#) that wasn’t caused by fog, cloud or rain in 1999; that rose to 1,399 hours last year.

“It is such a shame as Hong Kong is an incredibly beautiful place the 10 days a year when you actually realize that the tree-lined hills are dark green and not a washed out gray-green color,” said Alexander West, founder of Blue Pool Capital, a hedge fund.

Tens of thousands of finance professionals and other visitors to this week’s [Credit Suisse Group AG \(CSGN\)](#) Asian investment conference and the Hong Kong Rugby Sevens, the premier tournament in the truncated form of the game, were greeted by smoggy skies this week. The March 25 final of the Rugby pageant coincides with the election of Tsang’s replacement.

## Peak Lookout

At Victoria Peak yesterday, tourists seeking the iconic view across Hong Kong’s skyscrapers to the mountains over the harbor were disappointed.

“I’ve been to the Peak six times and I’ve never seen the Kowloon mountains,” said Nadia Sturzenegger, from Lucern, [Switzerland](#), who first flew into Hong Kong in 2007 when working for Swiss International Air Lines AG. “Maybe I was just unlucky.”

At the nearby [Laurence Lai Gallery](#), Maurice Szeto, 48, mans the shop selling photographs of Hong Kong scenes. Tourists often complain about the visibility, he said.

“Some even take photos of our photos to show the skyline to their friends back home,” he said. “I used to come up here as a teenager and you could see everything.”

Tsang repeatedly pledged to tackle the problem, including a vow in May to introduce air quality objectives before leaving office June 30. That timeline has slipped to 2014.

## Economic Impact

The government has to “carefully assess the economic and social impacts” of tightening air-quality rules, Tsang said last year.

The laissez faire ideology of “big market, small government” that underpins policy in the city has enabled industries such as financial services and real estate development to flourish, generating taxes that endowed the government with a HK\$595 billion [pot of savings](#). It has also created the most unequal society in [Asia](#), where the poorest 10 percent earned a median wage of HK\$3,500 a month in the third quarter of last year, down from HK\$4,400 in the comparable period of 1997, government figures show.

Forcing bus operators to modernize their fleets would mean higher fares that many already struggle to meet. The government last year allocated HK\$5.17 billion to help low-income workers with travel costs.

## Tourism, Infrastructure

Policies to spur economic growth and create jobs -- such as more tourism and infrastructure spending -- add to pollution. Tour buses ferrying some of the 28 million mainland Chinese visitors last year choke roads; the planned third runway at Chek Lap Kok would only be able to operate at 40 percent capacity to meet the proposed air-quality guidelines, a [study](#) found. The two-year delay in introducing the objectives may allow the project to go ahead using current standards.

Outside of environmental impact assessments for specific projects, the EPD has few legal powers to force change where it has no jurisdiction, such as transport.

For issues like bird flu that affect “all stakeholders -- businesspersons, government officials and the general public” the government will be “highly motivated,” said Ming Sing, an associate professor of social sciences at the [Hong Kong University](#) of Science and Technology. “If interests are divided, such as for tackling air pollution, that’s another story.”

## **New York, Tokyo**

In [New York](#), Mayor [Michael Bloomberg brought together](#) 25 city agencies in 2007 to target [climate change](#), green buildings, air quality and solid waste. The city [legislated](#) emissions cuts from school buses and heating oil, and reduced pollution from ferries, private trucks and construction vehicles. The mayor is founder and majority owner of Bloomberg News parent Bloomberg LP.

The Tokyo 2008 [environmental plan](#) seeks to “realize the cleanest air among the world’s largest cities.”

In Hong Kong, a ban on idling engines that came into effect on Dec. 15 took four years to pass from public consultation to law, and with so many exemptions that critics said it was meaningless. No drivers have been fined to date, the EPD said in an e-mailed response to questions this week.

The government also spent HK\$90 million to fund a [study](#) on electronic road pricing in 1997, which was never implemented. Singapore’s [ERP](#) project, started in 1998, decreased traffic volumes [up to 25 percent](#), according to a 2010 report sponsored by the U.S. [Federal Highway Administration](#).

## **Bus Fleet**

Hong Kong has lagged behind rivals in upgrading its bus fleet. More than half of the 5,798 buses plying franchised routes in the city at the end of last year were Euro II standard or earlier, according to a Feb. 22 statement from the EPD. London has about 1,000 Euro II buses in its fleet of about 8,500 vehicles, according to [Transport for London](#). Singapore phased out its Euro I buses last year, leaving fewer than 600 Euro II vehicles out of more than 4,000, according to a document from Hong Kong’s legislature.

Euro II models emit 2 1/2 times as much particulate matter as Euro III standard buses, and 12 1/2 times as much as Euro V, according to Hong Kong-based [Civic Exchange](#).

The Hong Kong government plans to retrofit buses with catalytic converters that scrub out noxious fumes, as well as trialing hybrid and electric vehicles.

To date, six buses have been fitted with the filters in a year-long test that started in September. The trial of hybrids is due to begin at the end of next year, while no funding has yet been provided to buy six electric buses, the EPD said in a Feb. 22 response to a question from a lawmaker.

## Policy Delays

“These delays in policy are accountable in terms of illnesses, damage to quality of life, Hedley said. “We’ve got cohorts of children that have been exposed to the most intensive levels of exposure to very toxic air pollutants for quite a long time.”

Meantime, construction of roads, including an expressway beneath an existing highway through Central, [Causeway Bay](#) and Wanchai, as well as a 19-mile (30-kilometer) bridge linking Zhuhai and Macau to Hong Kong, may spur demand for cars that offset their impact on current congestion. In the decade to the end of last year, the number of private cars jumped 21 percent, Transport Department data show.

“The trend for many cities is to take care of the quality of urban life because they are competing for the same kinds of industries: finance, services, tourism,” WHO’s Dora said. “Cities are striving to be better, and those which don’t will suffer.”