

Motion on
“Concern about the impact of the earthquake in Japan on Hong Kong”
moved by Hon WONG Ting-kwong
at the Legislative Council meeting
of Wednesday, 30 March 2011

Progress Report

Purpose

At its meeting on 30 March 2011, the Legislative Council passed a motion on “Concern about the impact of the earthquake in Japan on Hong Kong”. The wordings of the passed motion are at Annex. This paper briefs Members on the latest developments and the progress of the relevant measures taken by the Administration.

Economic Impact of the Japan Earthquake on Hong Kong

(i) Hong Kong and Japan economic relation

2. Hong Kong and Japan have close economic ties. Japan is our third largest trading partner, accounting for 7% of Hong Kong’s total trade in 2010 (4.2% of exports and 9.2% of imports). Japan is also Hong Kong’s sixth largest source of inward direct investment. As of end-2009, Japan accounted for HK\$167.8 billion or 2.3% of the total stock of inward direct investment in Hong Kong.

3. Comparing April 2010 to April 2011, the value of total exports to Japan decreased by 0.4%, while that of imports decreased by 10%, resulting in a decrease of 7% in the value of the total trade between Hong Kong and Japan. We believe the decrease was partly due to the disruptions to the regional supply chains caused by the Japan earthquake and related incidents.

(ii) Small and medium enterprises

4. The Administration has maintained close liaison with the major industry and trade organisations to assess the impact of the Japan earthquake on different sectors. Japanese restaurants suffer a huge drop in business immediately following the incident, due to the public's concerns about the safety of Japanese food. However, the overall situation has improved recently. For manufacturing industries, certain industries that rely on import of raw materials and components from Japan, e.g. watch, electronics, automobile, etc. face disruption due to the uncertain situation in Japan. Some manufacturers are not able to secure alternative source for the raw materials and components within a short timeframe. For raw materials and components that are still available, prices have increased and in many instances, information on the supply situation is lacking. But we understand that the overall situation is improving in respect of some industries.

5. To help the relevant trade tackle the above problems, the Administration has taken the following actions:

- (a) The problem that most Japanese restaurants are facing is the lack of public confidence in the safety of "Japanese food". To alleviate the problem, the Administration has lent support to activities organised by the trade and others to promote the safety of Japanese food. For example, the Trade and Industry Department's SME Development Fund (SDF) has approved a funding application from an industry and trade organisation to launch a campaign aiming to restore public confidence in Japanese food; and
- (b) To assist the affected manufacturing industries, the Administration has conveyed to the Japanese Government the industries' request for more information on the supply situation in Japan. Information provided by the Japanese Government has been disseminated to the affected industries in the first instance. According to the Japanese Government, the impact brought about by the Japan incident is now stabilising, and the manufacturing activities in Japan are resuming gradually. The Administration will continue to liaise with the Japanese Government and keep the affected industries informed of the latest situation.

6. In addition, in response to the concerns expressed by some sectors, the Hong Kong Mortgage Corporation (HKMC), in consultation with the Commerce and Economic Development Bureau and the Trade and Industry Department, has announced on 30 May 2011 the introduction of a special arrangement under the SME Financing Guarantee Scheme (“SFGS”) to help local enterprises which are adversely affected by the crisis to tide over this difficult period. Eligible enterprises¹ will receive a waiver of three months’ guarantee fee for loans with tenor of three years or less or a waiver of six months’ guarantee fee for loans with tenor of more than three years. The special arrangement has come into effect on 1 June 2011 and will last until 31 December 2011. This measure would provide timely relief for local enterprises adversely affected by the Japan crisis.

(iii) Tourism sector

7. In 2010, Japanese accounted for 4% of Hong Kong’s visitor arrivals. Since the earthquake in Japan, the Administration has been closely monitoring both the inbound and outbound tourism markets. On the former, the Hong Kong Tourism Board (“HKTB”) advised that the earthquake had affected Japanese leisure tourists’ desire to travel, but the impact on business travel was mild. According to provisional figures, the combined number of Japanese visitors to Hong Kong in March and April 2011 dropped by 10.3% over the same period last year, but the total visitor arrivals increased by 17%. The HKTB offices in Tokyo and Osaka will continue to showcase Hong Kong’s diverse tourism attractions through dedicated promotional campaigns and develop travel packages and itineraries with the Japanese travel trade.

8. As for outbound tourism, some local travel agents have already resumed tours to Japan since mid-April 2011. More agents are now resuming Japan tours as the situation in Japan becomes more stable.

¹ To be eligible for the special arrangement, an enterprise should fulfill the following requirements in addition to the existing eligibility criteria under the SFGS:

- (a) the enterprise must be either a Japanese restaurant or running other businesses related to Japanese products or services; and
- (b) the enterprise must provide evidence of a drop in business turnover by more than 30% (or a lower level, subject to approval on a case-by-case basis) in any single month since March 2011 as compared with the monthly average business turnover of the six-month period before March 2011.

(iv) Financial market

9. Regarding the financial market, the Administration and the financial regulators have been closely monitoring the evolving situation of the Japan earthquake. Our local banking system and currency, foreign exchange and stock markets, etc. are operating in an orderly manner. The crisis in Japan also did not have much impact on the insurers in Hong Kong.

(v) Labour market

10. The Labour Department (LD) has been closely monitoring the impact of the Japan earthquake on the local employment market. The economic growth of Hong Kong and the hiring sentiment in the corporate sector remain strong. The LD receives more than 3,000 vacancies every working day. All vacancy information has been uploaded onto the Interactive Employment Service website (www.jobs.gov.hk) for application by job seekers. Meanwhile, the LD has set up two dedicated recruitment centres for the catering and retail industries, offering around 8,000 and 6,500 vacancies respectively. Interested job seekers can attend the mini-job fairs in the two recruitment centres for on-the-spot job interviews till end-July 2011.

(vi) Overall assessment

11. Given the close economic and trade ties between Japan and Hong Kong, temporary disruptions to business activities (including trade, tourism and investment flows) between the two places as a result of the Japan earthquake are unavoidable. There is still uncertainty regarding the disruptions to the regional and global supply chains brought about by the incident, although the Mainland and Taiwan, and some countries of the European Union (EU) including Germany, may be able to fill some of the supply gaps left by Japan. It is difficult to assess the full implications of the incident on the Hong Kong economy at this stage. Nevertheless, the robust performance of the Asian economies, especially that of the Mainland, and the gradual recovery of the US and EU markets, should help mitigate any adverse effect brought by the Japan earthquake on the economic performance of Hong Kong in the period ahead. The Administration will continue to monitor the situation closely.

Stepping up Surveillance of the Radiation Levels in Hong Kong

12. The Hong Kong Observatory (HKO) has set up ten radiation monitoring stations at strategic locations to monitor the ambient gamma radiation level. It will immediately sound an alarm if there is a substantial rise in radiation level. To enhance the monitoring of radiation level in Hong Kong, the HKO plans to set up two more monitoring stations, one in Chek Lap Kok on Lantau Island and the other one at Cape D'Aguilar on southern Hong Kong Island, thus increasing the number of radiation monitoring stations to twelve.

13. Since the Japan earthquake, the HKO has stepped up the monitoring of the concentration of radioactive material in the air samples collected in Hong Kong, and posts data on real-time measurement of gamma radiation on its website every hour. The HKO also collects atmospheric samples at designated locations for analysis of radioactive content of dust in the air and the data are also posted on HKO's webpage for information. From late March to mid-April 2011, artificial radionuclides iodine-131 and caesium-137 were found in the air samples in very minute amounts which should pose no health threat to the public. Since 14 April, no artificial radionuclides have been detected in the air samples, and the ambient radiation level has remained normal.

14. The Water Supplies Department (WSD) also monitors the radiation level of Dongjiang water supplied to Hong Kong round the clock through the On-line Water Contamination Monitoring System installed at Muk Wu Pumping Station. Every year, the WSD regularly takes about 1,200 raw water and 1,600 treated water samples from the entire water supply system, including Muk Wu Pumping Station, local catchwaters, impounding reservoirs, water treatment works and distribution networks (including consumers' taps) for radiological analysis. This system serves to regularly monitor the possible effects of radiation on Hong Kong in an effective manner, enabling the Administration to take timely contingency measures.

15. The monitoring results indicate that artificial radionuclides have not been detected in Dongjiang water, raw water in impounding reservoirs and treated water. There are also no observable changes in the radiation level before and after the nuclear power plants incident in Fukushima Prefecture in

Japan. The radiation level of the water supplied is well below the safety limits recommended by the International Atomic Energy Agency (IAEA), and the water is therefore safe for consumption.

Stepping up Surveillance over Food Products Imported from Japan

16. Since 12 March 2011, the Centre for Food Safety (CFS) has stepped up surveillance over and tested the radiation level of all fresh food imported from Japan, including vegetables, fruits and milk. Other foodstuffs such as meat, aquatic products and milk powder are also monitored. The CFS currently adopts the standards laid down by the Codex Alimentarius Commission (Codex) in the Guideline Levels for Radionuclides in Foods Contaminated following a Nuclear or Radiological Emergency (Guideline Levels) for testing radiation levels of food. Relevant radionuclides include iodine-131, caesium-134 and caesium-137, which are most associated with health risks.

17. Currently, the CFS conducts screening on every food consignment from Japan arriving by air or by sea, using hand-held survey meter for surface contamination. Samples will then be taken from every consignment for examination by the Contamination Monitoring System (CMS). Food consignment that fails screening by hand-held survey meter or by CMS will be held and the sample concerned will be sent to the Government Laboratory for further quantitative analysis. As at noon of 17 May 2011, a total of 9,804 samples have been tested. Except for the three samples of vegetables imported from Chiba prefecture in Japan on 23 March 2011 where the iodine-131 level was found to have exceeded the standards laid down in the Guideline Levels, testing results of all other samples are satisfactory.

18. The CFS updates its figures on food surveillance on its website daily from Monday to Friday², including results of satisfactory samples with low radioactivity level not exceeding the standards laid down in the Guideline Levels. As part of CFS' food surveillance programme, samples of food from all sources are also taken at the wholesale and retail levels for radiation testing. In response to public concern over radiation contamination of food products,

² Updates on weekends or public holidays will be announced through press release.

the CFS has also increased the proportion of samples on Japanese food. Testing results have so far been all satisfactory.

19. On 6 April 2011, the CFS briefed the Expert Committee on Food Safety (Expert Committee) on its work on surveillance over food imported from Japan. The Expert Committee, which comprised local and overseas food experts from Singapore, Australia and the Mainland, considered that Hong Kong had taken appropriate food safety measures in response to the incident. The Expert Committee also considered that the current coverage of the food surveillance programme was appropriate and that the CFS should continue to monitor the three radionuclides which were most associated with health risks and most relevant in the acute phase of nuclear emergencies, namely iodine 131, caesium-134 and caesium-137. The Expert Committee advised the CFS to keep in view the discussion and recommendation of the IAEA and the World Health Organization (WHO) in drawing up its medium and long term monitoring programme.

Stepping up Safety Inspection on Japan Imported Cargoes, Pharmaceutical Products and Cosmetics

20. All control points in Hong Kong are currently equipped with advanced instruments to identify the radiation levels of incoming cargoes. Normally, the Customs and Excise Department (C&ED) will apply risk assessment to select cargoes from high risk/radiation affected areas for radioactivity scanning. Based on expert recommendations, the C&ED will first conduct scanning on the surface of the packets/containers. If an excessive level of radiation is detected, the container/packet will be opened for further scanning of their contents. The C&ED has sufficient manpower and equipment to conduct radioactivity scanning on cargoes imported from Japan.

21. The Administration has put in place an established mechanism to handle cargoes contaminated by radiation. If any cargoes are found to be contaminated by radiation during scanning, they will be quarantined by the C&ED in a designated area to prevent unauthorized contacts. The C&ED will immediately inform relevant departments, including the Department of Health (DH), the Hong Kong Police and the Fire Services Department, and report the incident to the Radiation Health Unit (RHU) of the DH for advice. The Environmental Protection Department will also deploy staff to assist in

handling the contaminated cargoes. From 18 March to 15 May 2011, the C&ED has checked 351,739 air consignments (including express and postal consignments) and 2,793 sea containers from Japan. No irregularities have been detected so far.

22. Meanwhile, the C&ED has stepped up inspection on pharmaceutical products and cosmetics imported from Japan. For pharmaceutical products, Customs will conduct radioactivity scanning on all products imported from Japan and will only release those that have passed the radioactivity check. If an excessive radiation level is detected, the pharmaceutical products concerned will be seized and disposed of. From 18 March to 15 May 2011, the C&ED has checked 57 consignments of pharmaceutical products by air and 43 consignments of pharmaceutical products by sea imported from Japan. During the same period, the C&ED has also checked 369 consignments of cosmetics by air and 118 consignments of cosmetics by sea imported from Japan. No irregularities have been detected so far.

Communication with the Mainland on Issues related to Nuclear Safety

23. The Environment Bureau, Security Bureau (SB) and relevant Government departments, together with local experts, academia and members of relevant advisory body, visited the National Nuclear Safety Administration (NNSA) of the Ministry of Environmental Protection in the Mainland in April 2011. The visit aimed to enhance the understanding of energy safety and development in the Mainland, and the safety measures adopted by the Mainland in response to the nuclear power plants incident in Fukushima Prefecture in Japan. During the visit, the NNSA explained in detail their function, as well as the legislative framework, departmental regulations, safety requirements and guidelines, etc. under the regulatory regime on nuclear safety in the Mainland. As advised by the NNSA, since the development of nuclear facilities in 1980s, the Mainland has fully adopted international standards in developing its safety regulations and has reflected these standards in various legislations, safety requirements and guidelines.

24. The NNSA also introduced their work in stepping up the monitoring of environmental radiation levels after the Fukushima nuclear incident, and explained the four-point decision announced by the State Council, including the immediate arrangement of a comprehensive safety inspection of all existing

nuclear facilities, the commission of a comprehensive review of nuclear power plants under construction, and the temporary suspension of approval of new nuclear projects pending the carrying out of a comprehensive safety inspection and completion of nuclear safety planning. The relevant work has commenced and the Administration will keep in view any future development.

Reviews and Exercises in respect of the Daya Bay Contingency Plan

25. Reviews and exercises have been conducted by the Administration from time to time since the Daya Bay Contingency Plan (DBCP) was put in place. Details of the contingency plan are modified based on the results of the reviews and exercises. The Administration has also conducted a number of comprehensive exercises under the monitoring of the IAEA and other international experts with a view to testing the effectiveness of the DBCP. In general, the experts agree that the plan is both effective and flexible and is capable of coping with emergency situations in the unlikely event of a nuclear incident.

26. That said, we will keep in view the comments and recommendations of international organisations such as the IAEA and the WHO, with regard to the Fukushima nuclear incident in Japan. We will conduct a comprehensive review of the DBCP, including the operational details of each department, in light of the situation in Hong Kong, and organise a large-scale exercise early next year.

Stepping up Non-Routine Inspections at the Nuclear Power Station

27. Since the Fukushima nuclear incident, the Administration has immediately requested the Hong Kong Nuclear Investment Company Limited (HKNIC) to work closely with the Mainland authorities to ensure the safety of the Daya Bay Nuclear Power Station (DBNPS). In accordance with the requirement of the Mainland, the Daya Bay Nuclear Power Operations and Management Company Limited has also conducted a comprehensive safety inspection of the DBNPS.

Refining the Notification Mechanism

28. The Governments of Guangdong and Hong Kong have put in place a co-operation agreement with regard to the notification mechanism for contingency events at the DBNPS and the Lingao Nuclear Power Station (LNPS). In case of a contingency event or an accident at the stations, the Prevention and Emergency Administrative Commission Office of Guangdong Province for Nuclear Accident of Civil Nuclear Facility will notify Hong Kong in accordance with the agreement.

29. In view that level 1 or below events pose no threat to health, safety and the environment, and that they have no safety significance, there is no mandatory requirement in countries such as the United States, France and Britain that operators of nuclear power stations must make announcements or disclosures to the public. In response to concerns expressed by the general public in Hong Kong, the Administration has reached a consensus with the DBNPS early this year that the HKNIC will inform the Administration within two working days upon finding and confirming that licensing operational events of level 0 to 1 have taken place, and make a public announcement through its website. As for LNPS, the Administration is negotiating with the operator of the LNPS in the hope of putting in place the same notification mechanism for non-emergency licensing operational events as in the case of the DBNPS.

Enhancing the Public's Understanding of Ways to Respond to Nuclear Power Incidents

30. The Administration has always attached great importance to publicity and education programmes on the radiological impact on the general public. The SB has already uploaded the DBCP to its website to facilitate public understanding of the impact of nuclear incidents on Hong Kong and operational details of the plan. In addition, we have highlighted the key points on the website and prepared a public information video with a view to increasing public awareness over the DBNPS.

31. Meanwhile, information on radiation and nuclear power and the latest environmental radiation monitoring data have been uploaded to the HKO's website. Educational resources are available on the website which provides

the public with scientific knowledge of radiation, radiation protection, radiation and health, nuclear power for electricity generation, etc. In addition, there is a radiation exhibition at the HKO headquarters which is open to students, organisations and other members of the public. A virtual tour of the HKO radiation exhibition is also available on its website. Since the Fukushima nuclear incident, the HKO has been actively promoting public education on radiation. These include producing videos for HKO@Youtube, holding press conferences, inviting the media to visit its radiation monitoring stations and laboratories, arranging for its professionals to appear as guests in local TV special programmes, organising public talks, showing exhibits on radiation during the HKO's open days, etc.

32. The RHU of the DH has been actively participating in the Government's public education and publicity work on nuclear safety and the contingency plan for nuclear incidents. Since the Fukushima nuclear incident, the RHU has organised a number of talks on radiation health and safety to provide professional advices on radiological protection to Government departments. The RHU has also participated in the production of a series of public educational TV programmes and information videos on radiation safety, so as to convey to the public information on health protection in nuclear emergency. Apart from providing detailed information on radiation, the RHU's website also contains a new set of "Frequently Asked Questions" to increase public understanding about nuclear incidents. The RHU also takes part in the training of emergency responders and training of professionals in the industry on the standardisation of radiological measurements.

33. In addition, the CLP Power Hong Kong Limited and the HKNIC seek to educate the public on nuclear power technology, the concept of safety, the operation and management of the DBNPS, etc., through visits to nuclear power stations, seminars, website materials and publications, with a view to enhancing public understanding of nuclear power safety and the DBNPS. Furthermore, there is currently a module "Energy Technology and the Environment" under Liberal Studies in the New Senior Secondary Curriculum. The Administration is working with relevant organisations in the production of a teaching kit on energy information, including nuclear power.

34. Members of the public may visit the GovHK webpage on "Japan Earthquake – Information for Residents" for more information on the

Fukushima nuclear incident. It provides “one-stop” information service, enabling the public to get access to special news from the Government and information about radiation level, food safety and related international organisations. The Government has also produced a series of videos “Learning about Radiation (輻射教室)” for TV broadcast in collaboration with the TV media. The videos are available on the “Upper Albert Road Facebook” site for public viewing.

35. Public awareness on nuclear safety and the related contingency plan has increased in light of the Fukushima nuclear incident. The Administration will continue to work with relevant organisations to step up publicity and public education on the subject.

Commerce and Economic Development Bureau
Environment Bureau
Security Bureau
Food and Health Bureau
Financial Services and the Treasury Bureau
Hong Kong Observatory
Department of Health
Labour Department
Customs and Excise Department
Economic Analysis and Business Facilitation Unit
June 2011

**Motion on
“Concern about the impact of the earthquake in Japan on Hong Kong”
moved by Hon WONG Ting-kwong
at the Legislative Council meeting
of Wednesday, 30 March 2011**

Motion as amended by Hon Albert CHAN Wai-yip, Hon Tommy CHEUNG Yu-yan, Hon WONG Kwok-hing and Prof Hon Patrick LAU Sau-shing

That, given that since an earthquake of magnitude 9.0 on the Richter Scale that occurred in Japan on 11 March has, apart from causing enormous casualties, also affected the global economy, this Council urges the SAR Government to, having regard to the latest development of the incident, strengthen the monitoring of the impact of the earthquake in Japan on Hong Kong’s financial market, import and export trade, consumer market of Japanese products and tourism industry, and provide timely information and adopt effective measures, so as to lessen the impact of the earthquake in Japan on the Hong Kong economy and stabilize people’s confidence; at the same time, given that the problem of nuclear power safety triggered by the earthquake in Japan has aroused Hong Kong people’s concern about their health, this Council urges the SAR Government to step up surveillance of the radiation levels in Hong Kong and the safety tests on food products imported from Japan, and announce the relevant surveillance information as soon as possible; moreover, the SAR Government should strengthen the publicity of the contingency plan for nuclear power incidents to the public, and recommend the Guangdong provincial authorities to increase the number of non-routine inspections and perfect the existing notification mechanism for nuclear power incidents; this Council also urges the SAR Government to reflect to the Central Government that it should: (a) strengthen in the immediate future the monitoring of nuclear power plants which are in operation; (b) immediately conduct a comprehensive inspection of all nuclear power projects which are being planned and nuclear power plants which are being constructed, carry out safety assessments based on the most stringent standards, immediately halt the construction of those which do not meet safety standards, and suspend vetting and approving new nuclear power

projects before the approval of safety plans; and (c) strengthen the safety and operational management of nuclear power plants which are in operation, and adopt relevant measures to ensure their absolute safety, so as to immune nationals from the threat of nuclear power incidents; at the same time, the SAR Government should closely monitor the impact of the disastrous crisis in Japan on the various industries in Hong Kong, and by making reference to the Special Loan Guarantee Scheme launched in response to the financial tsunami, provide appropriate assistance to Hong Kong's small and medium enterprises which are facing operating difficulties; put in place a permanent mechanism for conducting sustained safety tests on food products imported from Japan, and continue to announce on a regular basis the details of the relevant surveillance information with a high degree of transparency; and by making reference to the contingency arrangements for nuclear power incidents in other places, plan for emergency fallout shelters at appropriate locations in Hong Kong, particularly in the East New Territories region which is relatively close to the Daya Bay Nuclear Power Station, and stock up relevant emergency supplies, so as to cope with any possible accidents occurred at the nuclear power station; the SAR Government should also popularize and enhance people's knowledge about nuclear power generation, and raise the public's understanding of ways to respond to the nuclear power incidents, thereby eliminating irrational fear and reinforcing the knowledge and capability of all members of the public about their safety protection against radiation contamination; this Council also expresses its deep condolences to the affected Japanese people.