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Panel on Commerce and Industry

Meeting on 20 April 2010

**Updated background brief on promoting the development of
the testing and certification industry in Hong Kong**

Purpose

This paper gives an account of the previous discussions by the Panel on Commerce and Industry (the Panel) on promoting the development of the testing and certification industry in Hong Kong.

Background

2. Testing and certification is one of the six economic areas with good potential identified by the Task Force on Economic Challenges (TFEC) for support and development. At its meeting on 22 June 2009, TFEC recommended the following measures:

- (a) establish a "Hong Kong Council for Testing and Certification" (HKCTC) to enhance the professional standards and recognition of Hong Kong's industry in the international arena, and explore more business opportunities;
- (b) the Government should continue to provide more business opportunities for the private laboratories, for example, by increasing the outsourcing of food tests to complement new legislation, and encouraging the Chinese medicine trade to monitor the quality of Chinese medicine products by conducting basic tests on their products on a regular basis;
- (c) promote Hong Kong's testing and certification services in the Mainland and overseas through the Hong Kong Productivity Council, the Trade Development Council and the Government's Economic and Trade Offices;

- (d) pursue discussions with the Mainland authorities through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) to seek their agreement to recognize the testing reports of Hong Kong-accredited laboratories; and
- (e) strengthen vocational training programmes for the industry.

3. In September 2009, the Government established the HKCTC to drive the development of the industry, to raise its professional standards, and to enhance the recognition of the industry in the international arena by building up a brand name for Hong Kong's testing and certification services. The priority task of the HKCTC is to work with the industry to formulate a three-year market-driven development plan within six months for submission to the Chief Executive.

4. According to the Administration, there were about 690 establishments engaging in testing, inspection and certification activities in 2009. The total number of persons engaged in these establishments was 15 690 and the number of job vacancies was about 320 (2%). The vast majority of private independent establishments are small and medium enterprises (SMEs) engaging less than 50 persons. The majority of employment and business receipts were accounted for by some 20 establishments engaging 100 persons or above.

Previous discussions

5. The Panel held two meetings to discuss the development of the testing and certification industry in Hong Kong on 17 November and 15 December 2009 respectively. The Panel was also briefed on the proposal to create a supernumerary Administrative Officer Staff Grade C post at D2 level in the Innovation and Technology Commission, for a period of two years from 16 March 2010 to 15 March 2012, to provide support to the HKCTC in formulating and implementing a development plan for the testing and certification industry. Some Panel members expressed the view that of the six industries to be developed by the Administration, testing and certification industry was the most worthy of support as it could create a large number of employment opportunities at different levels. They also considered that this industry could bring substantial benefit to Hong Kong economy in the medium and long term and help safeguard the interests of consumers both locally and overseas.

6. In order to lower the cost for local enterprises, Panel members called on the Administration to discuss with the Guangdong authorities the possibility of the early and pilot implementation of the acceptance of Hong Kong's testing and certification reports, and to strive for the provision of the 3C (China Compulsory Certification) service by accredited laboratories in Hong Kong. The Administration advised that it would pursue the matter with the relevant Mainland authorities under CEPA.

7. Noting that there were only a few hundred graduates each year from the relevant Diploma courses offered by the Hong Kong Institute of Vocational Education under the Vocational Training Council (VTC), Panel members expressed concern about the interim measures and the long-term plan for grooming of talent for the testing and certification industry. Consideration should be given to attracting talents from overseas to join Hong Kong's testing and certification industry so as to bridge the manpower gap. The Administration advised that in order to provide a platform for in-depth discussion, the HKCTC had set up two working groups, including the Working Group on Landscape of the Testing and Certification Industry to gain a better understanding of the current status of the industry. The HKCTC would coordinate with the universities and the VTC to enhance manpower training.

8. Some Panel members expressed concern that the HKCTC should in future refrain from competing with the private sector in the provision of direct services relating to testing and certification to avoid unfair competition. However, some members opined that the HKCTC should serve as a platform for the promotion of the local industry without competing with the private sector. The Administration assured Members that the HKCTC was mindful of its role as a facilitator of the development of the testing and certification industry in Hong Kong and would not provide any direct testing and certification services to the market.

9. Some Panel members opined that consideration should also be given to providing more land in the border area for the construction of laboratories for the testing of food and medicine from the Mainland to leverage on the locational advantage. The Administration explained that most types of test could be conducted in ordinary industrial buildings. In addition, revitalization of industrial buildings might provide premises and contribute to the development for the testing and certification industry.

Latest position

10. The Administration will brief the Panel on 20 April 2010 on the three-year development plan for the testing and certification industry by the HKCTC.

Relevant papers

Information papers provided by the Administration for the Commerce and Industry Panel meeting on 17 November 2009

<http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci1117cb1-341-6-e.pdf>

Background brief prepared by the Legislative Council Secretariat for the Commerce and Industry Panel meeting on 17 November 2009

<http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci1117cb1-341-7-e.pdf>

Minutes of the Panel meeting on 17 November 2009

<http://www.legco.gov.hk/yr09-10/english/panels/ci/minutes/ci20091117.pdf>

Information papers provided by the Administration for the Commerce and Industry Panel meeting on 15 December 2009

<http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci1215cb1-614-5-e.pdf>

Minutes of the Panel meeting on 15 December 2009

<http://www.legco.gov.hk/yr09-10/english/panels/ci/minutes/ci20091215.pdf>

Report of the Hong Kong Council for Testing and Certification

<http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci0420cb1-1529-1-e.pdf>

Council Business Division 1
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