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Panel on Commerce and Industry

Meeting on 20 March 2012

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

Purpose

This paper provides background information on promoting the development of the testing and certification industry in Hong Kong, and summarizes previous discussions by the Panel on Commerce and Industry (the Panel) on the subject matter.

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) a "Hong Kong Council for Testing and Certification" (HKCTC) should be established 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) efforts should be made to 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) the HKSAR Government should 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) the Government should strengthen vocational training programmes for the industry.

3. In September 2009, the Government established 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.

Previous discussions

4. The Panel followed up closely the development of the testing and certification industry in Hong Kong since November 2009. The Panel noted that a supernumerary post of Administrative Officer Staff Grade C (AOSGC) (D2) was created in the Innovation and Technology Commission (ITC) for a period of two years from 16 March 2010 to 15 March 2012, to provide support to HKCTC in formulating and implementing a development plan for the testing and certification industry. Panel members generally supported the development of the testing and certification industry in Hong Kong.

5. At the Panel meeting on 17 May 2011, the Administration briefed members on the work of HKCTC in promoting further development of the testing and certification industry in 2010-2011. The Panel noted that HKCTC had identified good opportunities to promote the use of testing and certification services in four selected trades, namely Chinese medicine, construction materials, food and jewellery, where there were potential strong demand for the services.

6. The Panel noted that under Supplement VII to CEPA signed in May 2010, testing laboratories in Hong Kong were allowed for the first time to co-operate with designated Mainland organizations in testing products for the China Compulsory Certification (CCC) System on a pilot basis, for four

types of products processed in Hong Kong. These products included toy, switches, protective devices and connection devices for electrical installations, information technology equipment, and lighting apparatus. These testing laboratories had to be accredited by the Hong Kong Accreditation Service as capable of performing tests for the relevant products. Panel members welcomed the new measures under CEPA as Hong Kong's testing laboratories would have more opportunities to provide testing services in the Mainland, thus promoting trade between the two places.

7. On the long term strategic development of testing and certification industry in Hong Kong, some Panel members opined that the Administration should focus its effort to testing and certification services in the trades of Chinese medicines and food, in particular testing services on nutrition labels of pre-packaged food products. Some other members opined that the Administration should strive to develop Hong Kong into a testing and certification hub in the region and promote the use of testing and certification services by the consumers at large. They also urged the Administration to step up efforts in attracting talents and enhancing the skills and professionalism of practitioners in the industry, so as to enhance Hong Kong's competitiveness in the region.

8. At the Panel meeting on 15 November 2011, the Administration updated members on the work of HKCTC in promoting testing and certification services, and the Administration's proposal to retain the supernumerary AOSGC post, designated as Secretary-General (testing and Certification) in ITC, from 16 March 2012 to 31 March 2014. The Panel supported in principle the retention of the supernumerary post to lead the Secretariat for HKCTC. Some Panel members considered that the Administration should step up its effort in and increase the resources for promoting testing and certification services, and therefore the aforesaid post should be retained on a permanent basis.

9. Panel members also noted that the Mainland had agreed to extend the pilot scheme of allowing testing laboratories in Hong Kong to perform CCC testing to cover all 23 types of products under the CCC System that were processed in Hong Kong. This reflected further acceptance of Hong Kong's testing and certification results by the Mainland. ITC was discussing with the Certification and Accreditation Administration of the Mainland on the implementation timetable and details.

10. Some Panel members expressed concern about the slow progress of development of the testing and certification services in the trade of Chinese medicines. The Administration advised that the testing and certification industry had already built up testing capability in relation to the safety of

Chinese medicines, such as testing on heavy metals, toxic elements and pesticide residues. HKCTC's Panel on Promoting Testing and Certification Services in Chinese Medicines Trade's current focus was on supporting the industry to build up technical capability to authenticate Chinese herbal medicines by microscopic examination and physicochemical methods according to the Hong Kong Chinese Materia Medica Standards (HKCMMS). At present, HKCMMS for 60 types of Chinese herbal medicines had been developed, and would be expanded to cover about 200 by 2012.

11. Noting that Hong Kong's export trade had been adversely affected recently amidst the uncertainties in the external economic environment, some Panel members expressed concern whether this would affect the business of the testing and certification industry. They urged the Administration to keep a close watch on the situation.

12. The Administration's staffing proposal was approved by the Finance Committee (FC) on 16 December 2011.

Recent developments

13. In the 2012-2013 Budget, the Financial Secretary announced that the Administration was working closely with HKCTC to vigorously implement the three-year development plan for the testing and certification industry with a view to enhancing the industry's competitiveness. The Administration would also step up the promotion of Hong Kong's testing and certification services outside Hong Kong. In addition, HKCTC would set up two new panels this year to explore with the industry new business opportunities in environmental protection and information and communications technology sectors.

Special Finance Committee meetings

14. At the special FC meetings to examine the Estimates of Expenditure 2012-2013 on 7 March 2012, Members noted that the provision for quality support in 2012-2013 was \$99.3 million, which was 19.6% higher than that of \$83 million in 2011-2012. The increased provision was mainly for supporting the development of the testing and certification industry. An Administrative Officer post would be created for the Secretariat for HKCTC to assist it in exploring new business opportunities and to promote the industry in providing new services. In addition, the Innovation and Technology Fund would also provide funding of about \$2.7 million to support approved projects related to testing and certification.

Latest position

15. The Administration will brief the Panel on 20 March 2012 on the budget initiatives on innovation and technology and testing and certification.

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>

Administration's paper on progress report of the Hong Kong Council for Testing and Certification for the Commerce and Industry Panel meeting on 17 May 2011

<http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0517cb1-2147-3-e.pdf>

Updated background brief prepared by the Legislative Council Secretariat for the Commerce and Industry Panel meeting on 17 May 2011

<http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0419cb1-1893-8-e.pdf>

Minutes of Commerce and Industry Panel meeting on 17 May 2011

<http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110517.pdf>

Administration's paper on progress report of the Hong Kong Council for Testing and Certification for the Commerce and Industry Panel meeting on 15 November 2011

<http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci1115cb1-277-7-e.pdf>

Updated background brief prepared by the Legislative Council Secretariat for the Commerce and Industry Panel meeting on 15 November 2011

<http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci1115cb1-277-8-e.pdf>

Minutes of Commerce and Industry Panel meeting on 15 November 2011

<http://www.legco.gov.hk/yr11-12/english/panels/ci/minutes/ci20111115.pdf>

Administration's replies to initial written questions raised by Finance Committee Members in examining the Estimates of Expenditure 2012-2013: serial nos. CEDB(CT)001 and CEDB(CT)055

http://www.legco.gov.hk/yr11-12/english/fc/fc/w_q/cedb-ct-e.pdf

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