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Panel on Commerce and Industry

Meeting on 15 November 2011

**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 (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 15 December 2009, some Panel members shared the industry's concern that HKCTC should refrain from competing with the private sector in the provision of direct services relating to testing and certification to avoid unfair competition. However, some other members opined that HKCTC should serve as a platform for the promotion of the local industry without competing with the private sector. The Administration assured members that HKCTC was mindful of its role and would not provide any direct testing and certification services to the market.

6. Some Panel members suggested that the Administration should capitalize on its international status in testing and certification by expediting the development of the industry in Hong Kong and helping local enterprises tap the Mainland domestic market in view of its strong demand for testing

and certification service. Interim measures and the long-term plan for grooming of talent should also be formulated for the testing and certification industry. Consideration should be given to recruiting hi-end professionals from overseas to cope with the demand.

7. Some Panel members also opined that Hong Kong should leverage on its advantage as China's gateway to the world and strive for the recognition of the testing reports from Hong Kong's accredited laboratories by all the Mainland cities and municipalities. They also urged the Administration to ensure that the standards adopted in Hong Kong should be in line with internationally recognized ones to avoid controversies.

8. Some Panel members suggested that as the Administration was exploring the feasibility of developing the Lok Ma Chau Loop with higher education as the leading land use, complemented with hi-tech research and development (R&D) as well as cultural and creative industries, consideration should 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.

9. At the Panel meeting on 20 April 2010, some members considered that the emerging trades, including the software sector of the information and communications technologies (ICT) trade, should not be neglected. They called on the Administration to spearhead the development of software certification and to develop the ICT related industries, including certification of software and IT professionals, cloud computing, information storage and security software. The Administration assured members that HKCTC would press ahead with its work in relation to the four selected trades (i.e. Chinese medicine, construction materials, food and jewellery) and the relevant emerging trades, including ICT, for close monitoring of developments.

10. At the Panel meeting on 15 February 2011, the Administration briefed members on the gist of the Hong Kong/Shenzhen Co-operation Meeting (the Meeting) held on 6 December 2010. Members noted that ITC had entered into agreements with the Shenzhen Entry-Exit Inspection and Quarantine Bureau, and the Market Supervision Administration of Shenzhen Municipality respectively to enhance mutual understanding of each other's systems and to strengthen exchanges and collaboration in testing and certification. The agreements would pave the way for Hong Kong's testing and certification industry to provide wider range of services for Shenzhen in future, facilitate trade between the two places and promote development of the testing and certification industry in the region.

11. In March 2011, the Administration updated the Panel on the latest progress of the work of the HKSAR in complementing the National 12th Five-Year Plan. Members noted that the “Outline of the Twelfth Five-Year Plan for the National Economic and Social Development of the People’s Republic of China” (the National 12-5 Plan) was endorsed at the Fourth Session of the 11th National People’s Congress and promulgated officially on 16 March 2011. An individual chapter was dedicated to the Hong Kong and Macao Special Administrative Regions (the Dedicated Chapter), whereby the deepening of co-operation between the Mainland and Hong Kong, as well as the functions and positioning of Hong Kong in the overall national development were elevated to the national strategic level.

12. Panel members noted that the Dedicated Chapter emphasized, among others, the Central Authorities’ support for Hong Kong in nurturing emerging industries and developing the six industries (namely, medical services, environmental industries, testing and certification, education services, innovation and technology, and cultural and creative industries) where Hong Kong enjoyed clear advantages. The relevant statements would help the six industries extend the fields of co-operation and scope of service in the Mainland. Through interactive co-operation efforts, the development of the six industries could in turn help upgrade the country’s industry structure, particularly the development of service industries.

Recent developments

13. 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.

14. 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 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.

15. 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.

Latest position

16. The Administration will update members on the work progress of HKCTC in implementing its development plan for the industry and seek members' support to extend a supernumerary Administrative Officer Staff Grade C post created to support the work of 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>

Administration's paper for the Commerce and Industry Panel meeting on 20 April 2010

<http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci0420cb1-1601-3-e.pdf>

Background brief prepared by the Legislative Council Secretariat for the Commerce and Industry Panel meeting on 20 April 2010

<http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci0420cb1-1601-4-e.pdf>

Minutes of Commerce and Industry Panel meeting on 20 April 2010

<http://www.legco.gov.hk/yr09-10/english/panels/ci/minutes/ci20100420.pdf>

Administration's paper on the 2010 Hong Kong/Shenzhen Co-operation Meeting for the Commerce and Industry Panel meeting on 15 February 2011

<http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/cicb1-846-1-e.pdf>

Administration's paper on the latest progress of the work of the Hong Kong Special Administrative Region in complementing the National 12th Five-Year Plan

<http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci1019cb1-1675-1-e.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>

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