

立法會
Legislative Council

LC Paper No. CB(1)434/15-16
(These minutes have been seen
by the Administration)

Ref : CB1/PL/CI

Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 17 November 2015, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

Members present : Hon WONG Ting-kwong, SBS, JP (Chairman)
Hon Vincent FANG Kang, SBS, JP (Deputy Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon Dennis KWOK
Hon SIN Chung-kai, SBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan

Member absent : Hon Emily LAU Wai-hing, JP

Public officers attending : Agenda item IV

Ms Annie CHOI, JP
Commissioner for Innovation and Technology

Mr Johann WONG, JP
Deputy Commissioner for Innovation and Technology

Mr Kesson LEE
Secretary-General (Testing and Certification)
Hong Kong Council for Testing and Certification

Mr WONG Wang-wah
Executive Administrator (Accreditation) Innovation
and Technology Commission

Agenda item V

Mr Raistlin LAU
Deputy Director-General of Trade and Industry
(Multilateral Trade, Regional Cooperation &
Bilateral Trade)

Mr Howard YAM
Assistant Director-General of Trade and Industry
(Multilateral Trade)

Clerk in attendance : Ms Annette LAM
Chief Council Secretary (1)3

Staff in attendance : Ms Connie HO
Senior Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Action

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- I. Confirmation of minutes of meeting**
(LC Paper No. CB(1)100/15-16 -- Minutes of meeting held on
15 October 2015)

The minutes of the meeting held on 15 October 2015 were confirmed.

- II. Information paper issued since last meeting**
(LC Paper No. CB(1)41/15-16(01) -- Information paper on "The 18th
Plenary of the Hong
Kong/Guangdong Co-operation
Joint Conference")

2. Members noted the above paper issued since the last meeting.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)148/15-16(01) -- List of outstanding items for discussion

LC Paper No. CB(1)148/15-16(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on 15 December 2015 at 2:30 pm to discuss the following items proposed by the Administration –

- (a) Proposed retention of one Administrative Officer Staff Grade C (AOSGC)(D2) post under the Constitutional and Mainland Affairs Bureau; and

- (b) Further Development of Hong Kong Science Park.

4. Members also noted that the Deputy Chairman would chair the next Panel meeting as the Chairman would be away on a business trip.

5. The Chairman informed members that he and the Deputy Chairman had met with the Administration to discuss the work plan of the Panel for the 2015-2016 session. Referring to the "List of outstanding items for discussion" of the Panel ("the List"), the Chairman consulted members on whether they would agree to the Administration's suggestion to delete item 13 on "Progress on the promotion of intellectual property trading" from the List for the reason being that the Government had accepted to implement the measures as recommended in the final report released in March 2015 by the Working Group on Intellectual Property Trading, and the development of the issue had been reported to the Panel at its meeting on 19 May 2015. Dr LAM Tai-fai requested the Administration to advise the Panel of the timing for reporting the progress on the issue before a decision was made on the deletion of item 13.

Items proposed for discussion within the 2015-2016 session

The Silk Road Economic Belt and the 21st Century Maritime Silk Road ("One Belt One Road") initiatives

6. Noting that "One Belt One Road" was the nation's major long-term development strategy, and various industries were keen to capitalize on the opportunities arising therein, Dr LAM Tai-fai suggested that the Administration

should brief the Panel on the "One Belt One Road" initiatives. Sharing a similar view, Mr Martin LIAO further suggested that the proposed item could be discussed together with item 8 on "Trade relations between the Mainland and Hong Kong" in the light of the relevance of the two items. Dr CHIANG Lai-wan also supported Dr LAM's suggestion that the Panel should be briefed on the latest development of the "One Belt One Road" initiatives. The Chairman agreed to discuss the proposed item and said that it might be included in the agenda for the next Panel meeting.

7. While raising no objection to Dr LAM Tai-fai's suggestion, Mr Charles MOK was concerned that if the proposed item was to be discussed at the next Panel meeting, the focus of the meeting might be shifted towards the discussion of the "One Belt One Road" initiatives, inevitably affecting the discussion time of other items at the same meeting. To allow sufficient discussion time for the item on "Further Development of the Hong Kong Science Park" already scheduled for the next meeting, Mr MOK suggested that the duration of the meeting be extended or an additional meeting be arranged for the discussion of the "One Belt One Road" initiatives if necessary.

Progress on the implementation of various initiatives promoting diversification of industries, including the \$500 million three-year pilot programme for Hong Kong's fashion industry

8. As regards item 11 on "Diversified development of industries in Hong Kong", Dr LAM Tai-fai considered that the Panel should also be updated on the implementation of various initiatives promoting diversification of industries, including the \$500 million three-year pilot programme for Hong Kong's fashion industry as announced by the Financial Secretary in his 2015-16 Budget on 25 February 2015. Agreeing to Dr LAM's suggestion, the Deputy Chairman further suggested that the deliberation of the pilot programme for the fashion industry be held in conjunction with item 7 on "Progress report on the implementation of the Dedicated Fund on Branding, Upgrading and Domestic Sales", taking into account that they were closely intertwined.

Other views from members on the List

Item 12 on "Promoting the industrialization of the beauty industry in Hong Kong" and item 14 on "Research and development of Chinese medicines"

9. Dr CHIANG Lai-wan considered that industry diversification would be key in enhancing Hong Kong's economic development in the long run. Given that the Chinese medicine and beauty industries were of great potential for further development in Hong Kong, Dr CHIANG requested the Administration to brief the Panel on the latest developments of items 12 and 14 within the current

legislative session and advise the Panel of the proposed timing of discussion.

10. The Deputy Chairman was of the view that the order of the items for discussion should be adjusted. He agreed with Dr CHIANG Lai-wan that the development of the beauty and Chinese medicines industries was important to Hong Kong's economic development, and hence priority should be accorded for discussion of the two items, whereas the items on "Promotion of inward investment" and "Progress report on Research and Development Centres 2015-2016" (items 5 and 6 on the List) could be scheduled for discussion at a later date.

Secretariat 11. The Chairman concluded that members' views and suggestions would be conveyed to the Administration, or included in the List, as appropriate.

(Post-meeting note: The Secretariat had written to the Secretary for Commerce and Economic Development dated 24 November 2015 conveying members' views and suggestions.)

IV. Latest development of the testing and certification industry

(LC Paper No. CB(1)148/15-16(03) -- Administration's paper on "Latest Development of the Testing and Certification Industry"

LC Paper No. CB(1)148/15-16(04) -- Paper on promoting the development of the testing and certification industry in Hong Kong prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

12. At the invitation of the Chairman, Commissioner for Innovation and Technology ("CIT") briefed members on the latest development of the testing and certification ("T&C") industry in Hong Kong since the last report made by the Administration to the Panel in November 2013 as set out in the Administration's paper (LC Paper No. CB(1)148/15-16(03)).

Discussion*Safety of food and drugs*

13. Ir Dr LO Wai-kwok declared that he was a member of the Hong Kong Council for Testing and Certification ("HKCTC") and the Chairman of the Hong Kong Quality Assurance Agency and advised that the aforesaid appointments did not involve any pecuniary interest. Pointing out that food and drug safety was an important livelihood-related issue, Ir Dr LO enquired whether the Administration would put in place any policy to enhance the testing of food and drugs, which would in turn create room for the further development of the local T&C industry. Mr SIN Chung-kai enquired about the division of work between the Food and Environmental Hygiene Department ("FEHD") and HKCTC in respect of food safety testing.

14. CIT advised that the policy governing the safety standards, regulatory requirements and enforcement of the ordinances relating to food and drugs were under the purview of the Food and Health Bureau ("FHB"). On food safety testing, CIT said that FEHD was the enforcement department of food-related legislation while the Hong Kong Accreditation Service ("HKAS") under the Innovation and Technology Commission offered accreditation service to laboratories for testing of food. Accreditation was open and voluntary in Hong Kong. She remarked that the role of HKAS was to ensure the capability of local laboratories in providing the requisite testing services to the food and medicine trades pursuant to the relevant legislation. Ir Dr LO Wai-kwok called on the relevant Government policy bureaux to leverage on the strength of Hong Kong's T&C services and enhance their collaboration in addressing the safety issue of food and drugs from a wider perspective. The Administration took note of Ir Dr LO's views.

15. Mr SIN Chung-kai asked whether the Administration would consider mandating the testing of food sold in Hong Kong conducted by local accredited T&C establishments to enhance food safety on the one hand, while on the other, drive the demand of food testing services. In addition, Mr SIN considered that the Administration should be more proactive in conducting random testing of food sold in the local market to verify if the ingredients contained in the package were accurately described. With more deceptive cases uncovered through enhanced surveillance, food manufacturers would be prompted to have their products undergone voluntary testing, thereby providing more business opportunities for the T&C industry.

16. In response, CIT advised that food testing was conducted on a voluntary basis except for those subject to statutory requirements. She considered it not advisable to introduce additional regulatory requirements on the food trade simply

for the purpose of promoting the T&C industry. Nevertheless, HKCTC would study the ways in which the promotion of food testing services could be further enhanced.

Development strategy of the testing and certification industry

17. Mr CHUNG Kwok-pan remarked that the T&C industry had further potential for development as Hong Kong's T&C services enjoyed high recognition. Pointing out the small market in Hong Kong due to the lack of manufacturing base in the territory, Mr CHUNG advised the Administration to seek wider recognition of Hong Kong's T&C services in the international arena to enable Hong Kong's T&C industry to tap into overseas markets. On the future positioning of Hong Kong's T&C services, Mr CHUNG considered that the Administration should select a few specific trades where Hong Kong enjoyed clear advantages for focused development.

18. In response, CIT advised that through joining the mutual recognition arrangements administered by international and regional accreditation co-operation bodies, endorsed reports and accredited certificates issued by organizations accredited by HKAS were recognized by over 90 accreditation bodies in more than 70 economies, including all our major trading partners. Such mutual recognition arrangements greatly facilitated the acceptance of the results of local establishments outside Hong Kong. HKAS also fostered cooperation with the Cooperation Council for the Arab States of the Gulf Accreditation Center and with the accreditation body in Taiwan by entering into a Memorandum of Understanding with each of them in 2015. CIT assured members that HKAS would continue to seek wider acceptance of results from Hong Kong's accredited conformity assessment bodies at the international level.

19. Dr LAM Tai-fai enquired about the detailed planning of HKCTC in promoting the further development of the T&C industry in respect of accreditation service. CIT responded that HKAS had, having regard to market needs, extended its accreditation service to conformity assessment bodies to a number of new areas as set out in paragraphs 8(a) to (g) of the Administration's paper (LC Paper No. CB(1)148/15-16(03)), including the testing of lead content in solder or filler metal used in soldering, brazing and welding construction methods in view of the lead in drinking water incidents. CIT said that HKAS would keep in view the needs of the T&C industry and the society when considering whether to provide new accreditation service.

20. Noting that a significant share of the business receipts of the local T&C industry came from providing testing services, in particular for more mature trades such as toys, clothing and textiles, Dr CHIANG Lai-wan advised the Administration to study the development of T&C services in respect of new trades,

such as Chinese medicines, so as to determine the future positioning of the T&C industry. In this connection, Dr CHIANG enquired about the growth in business receipts of the T&C industry in respect of the six specific trades and other new trades in the past few years. CIT advised that the statistical information on business receipts of the T&C industry provided by the Census and Statistics Department ("C&SD") covered three major types of services, namely, testing, inspection and certification, as well as the major user industries only. HKCTC would explore with C&SD the collation of further statistical information. In this connection, Dr CHIANG requested the Administration to furnish the Panel with supplementary information on breakdown of the business receipts of the T&C industry from 2008 to 2014 by respective types of services (i.e. testing, inspection and certification) and trades.

21. Dr LAM Tai-fai sought information on the implementation progress of the 11 new projects relating to T&C that were supported by the Innovation and Technology Fund with a total approved funding of \$24.29 million since November 2013. The Administration undertook to provide the relevant supplementary information after the meeting.

(Post-meeting note: The supplementary information in respect of paragraphs 20 and 21 provided by the Administration was circulated to members vide LC Paper No. CB(1)308/15-16(01) on 15 December 2015.)

22. Pointing out the huge demand for certification services in the Mainland, Mr MA Fung-kwok called on the Administration to secure opening up of the Mainland market to Hong Kong's T&C industry through the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA"). Mr MA was concerned that the long-term competitiveness of Hong Kong's T&C industry might be affected should Hong Kong's T&C establishments be unable to enter the Mainland market.

23. In response, CIT advised that the Mainland had been gradually opening up its market to Hong Kong's T&C industry since the signing of Supplement VII to CEPA in 2010. Hong Kong testing laboratories accredited by HKAS were now allowed to cooperate with Mainland certification bodies to undertake testing for the China Compulsory Certification ("CCC") System for products processed in Hong Kong. Under the Guangdong Agreement signed in December 2014 pursuant to the framework of CEPA, products under the CCC System which were processed or manufactured in Guangdong were allowed to be tested in Hong Kong for the first time. Testing laboratories in Hong Kong were allowed to cooperate with designated Mainland certification bodies to undertake testing of products in the "audio and visual apparatus" category of the CCC System which were designed and prototyped in Hong Kong, as well as processed or manufactured in Guangdong Province. The scope of testing services that could be provided by

Hong Kong testing laboratories in the area of voluntary certification had been expanded to products manufactured or processed in Hong Kong or Mainland. CIT remarked that the Guangdong Agreement had set a precedent for further opening up of the Mainland market in the future.

Measure to facilitate testing laboratory operation in industrial buildings

24. Mr MA Fung-kwok welcomed the Administration's new measure to facilitate the operation of testing laboratories in industrial buildings by forgoing the waiver fees for issuing waivers to accommodate T&C uses in industrial buildings. He enquired about the justifications of applying the new measure to testing laboratories and whether such measure could be extended to establishments of the cultural and creative industries, the operation of which in industrial buildings was currently not allowed.

25. Deputy Commissioner for Innovation and Technology advised that the uses of industrial buildings were governed by the land leases concerned and testing laboratories not involving a primary manufacturing use could not be legally considered as industrial use following some court cases. He said that testing laboratories would not be permissible under some older industrial leases unless the industrial user clause was modified by a lease modification or a waiver. Given that testing laboratories used to complement production activities in industrial buildings in the past, the Lands Department had agreed to the implementation of the new measure to forgo the waiver fees that would otherwise be chargeable to accommodate T&C uses in industrial buildings.

26. The Chairman advised Mr MA Fung-kwok to approach the Development Bureau on whether the above new measure could be extended to establishments of the cultural and creative industries.

Grooming of talents

27. Ir Dr LO Wai-kwok remarked that despite the continuous growth in business opportunities in relation to T&C services in Hong Kong, the business receipts of and the number of persons engaged by private T&C establishments were a bit stagnant in recent years and he opined that it might be partly attributed to the lack of talents to support the further expansion of the industry despite the new training courses offered by the Vocational Training Council and the Open University of Hong Kong. He urged the Administration to support the grooming of the requisite talents to sustain the long-term development of the T&C industry.

V. Progress of negotiations under the World Trade Organization and on plurilateral trade agreements

(LC Paper No. CB(1)148/15-16(05) -- Administration's paper on "Progress of Negotiations under the World Trade Organization and on Plurilateral Trade Agreements"

LC Paper No. CB(1)148/15-16(06) -- Paper on Doha Development Agenda and plurilateral agreements relevant to Hong Kong under World Trade Organization prepared by the Legislative Council Secretariat (background brief))

Presentation by the Administration

28. At the invitation of the Chairman, Deputy Director-General of Trade and Industry (Multilateral Trade, Regional Cooperation & Bilateral Trade) ("DDGTI") briefed members on the progress made on negotiations in relation to the Doha Development Agenda ("DDA") of the World Trade Organization ("WTO") and on plurilateral trade negotiations in which Hong Kong participated. Details of the progress of the relevant negotiations were provided in the Administration's paper (LC Paper No. CB(1)148/15-16(05)).

Discussion

The DDA Negotiations

29. The Chairman enquired about the causes of the deadlock of the DDA negotiations and the difficulties encountered by Hong Kong during the negotiation process. DDGTI advised that the impasse in the DDA negotiations was attributed to the very different positions held by the developed and developing economies over a number of issues. He said that as Hong Kong did not apply tariffs on imports and its services trade regime was free and open, Hong Kong had not encountered any particular difficulty in relation to negotiations on trade in goods and services under the DDA.

30. Mr SIN Chung-kai said that the emergence of some regional free trade agreements ("FTA"), such as the Trans-Pacific Partnership and the "One Belt One Road" strategy, might undermine the successful conclusion of the DDA negotiations. While expressing support for the Administration to continue to

participate in the multilateral negotiations under DDA, Mr SIN enquired whether Hong Kong would concurrently forge other trade agreements with its trading partners in the region. The Chairman was of the view with more regional trade agreements taking shapes and given the impasse in DDA negotiations, there appeared to be a trend for regional trade negotiations to take the place of multilateral negotiations of the WTO.

31. DDGTI said that Hong Kong was a staunch supporter of the multilateral trading system for it was a small and externally oriented economy that relied heavily on the multilateral trading system of WTO and its legally binding rules of international trade. The WTO also had an effective regime for resolving trade disputes among its Members. Given the importance of WTO to Hong Kong's external trade policy, Hong Kong would continue to participate in DDA negotiations although there was no breakthrough in the meantime.

32. That notwithstanding, DDGIT added that Hong Kong had also been participating in negotiations on some plurilateral and regional trade agreements which were in Hong Kong's trade interests. As the service industry constituted 93 percent of Hong Kong's Gross Domestic Product and trade in services was very important to its economy, Hong Kong was participating in the plurilateral negotiations on the Trade in Services Agreement ("TISA"). Among the 23 Participants of the TISA, eight of them were Hong Kong's ten largest services trading partners. Thirteen rounds of negotiations had been held in Geneva since 2013 so far, and TISA Participants were aiming at an early conclusion of the agreement. Meanwhile, Hong Kong had also been participating in the plurilateral negotiations on Environmental Goods Agreement and Information Technology Agreement ("ITA").

33. In respect of negotiations on regional trade agreements, DDGTI said that Hong Kong had been pursuing an FTA with the Member States of the Association of Southeast Asian Nations ("ASEAN"), which were collectively the 2nd largest trading partner of Hong Kong. He said that four rounds of negotiations on the FTA with the ASEAN had been held so far and the Administration would strive for early conclusion of the agreement. DDGTI remarked that Hong Kong was keen to participate in negotiations of more plurilateral and regional trade agreements as long as they could provide business opportunities for Hong Kong.

Information Technology Agreement

34. Noting that Hong Kong had a substantial trade interest in the information and technology ("IT") sector, Mr Charles MOK enquired about the share of locally manufactured IT products in Hong Kong's domestic export as well as the sources of those products covered in Hong Kong's re-export which amounted to \$8 billion and \$2,324 billion respectively in 2014.

35. DDGTI advised that the IT-related products covered in Hong Kong's domestic export complied with the relevant requirements set out in the origin rules for designating Hong Kong as the place of origin. He also explained that the substantial value of Hong Kong's re-export trade in relation to IT products was due to the wide range of products covered in the product list of the ITA. He added that pursuant to the expanded scope of product coverage of the ITA, 201 additional IT products, including those such as monitors, speakers and digital cameras which might not be regarded as IT products in a traditional sense, would be added to the new item list for tariff elimination.

36. Pointing out that most of the IT products covered in Hong Kong's domestic export were not manufactured locally, Mr Charles MOK called on the Administration to leverage on Hong Kong's role and scale in export trade of IT products to promote re-industrialization in the territory, thereby enhancing the constituent of local-manufactured IT products in Hong Kong's domestic exports. He considered that the concerned government bureaux/departments, including the Commerce and Economic Development Bureau and the Innovation and Technology Bureau, should enhance collaboration in taking forward the relevant initiative to help foster economic development of Hong Kong and create more employment opportunities. DDGTI advised that the Trade and Industry Department was responsible for conducting trade negotiations with Hong Kong's trading partners to secure better market access for Hong Kong businessmen. Nonetheless, he undertook to convey members' views to relevant government bureaux/departments.

Admin

VI. Any other business

37. There being no other business, the meeting ended at 4:01 pm.