

立法會

Legislative Council

LC Paper No. CB(1)798/20-21
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by the Administration)

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Panel on Commerce and Industry

Minutes of meeting
held on Friday, 19 February 2021, at 10:45 am
in Conference Room 3 of the Legislative Council Complex

Members present : Hon CHUNG Kwok-pan (Chairman)
Hon Jimmy NG Wing-ka, BBS, JP (Deputy Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, GBS, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon SHIU Ka-fai, JP
Hon CHAN Chun-ying, JP
Hon LAU Kwok-fan, MH

Member attending : Hon Holden CHOW Ho-ding

Public officers attending : Agenda item III

Commerce and Economic Development Bureau

Miss Monica CHEN
Principal Assistant Secretary for Commerce and
Economic Development (Commerce & Industry) 7

Trade and Industry Department

Mr Brian LO, JP
Director-General of Trade and Industry

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

Miss Helen KWAN
Assistant Director-General of Trade and Industry
(Regional Cooperation)

Agenda item IV

Innovation and Technology Bureau

Dr David CHUNG, JP
Under Secretary for Innovation and Technology

Ms Sandy CHEUNG
Principal Assistant Secretary for Innovation and
Technology (1)

Innovation and Technology Commission

Ms Rebecca PUN, JP
Commissioner for Innovation and Technology

Ms Jane LEE
Secretary-General (Testing and Certification), Hong
Kong Council for Testing and Certification

Mr Wilson SHUM
Executive Administrator (Accreditation), Hong Kong
Accreditation Service

Mr TSUI Cho-man
Head of Laboratory, Standards and Calibration
Laboratory

Clerk in attendance : Mr Boris LAM
Chief Council Secretary (1)3

Staff in attendance : Mr Joey LO
Senior Council Secretary (1)8

Mr Terence LAM
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Miss Zoe YIP
Clerical Assistant (1)3

Action

I. Information paper issued since last meeting

(File Ref: CITB CR 102/53/1 -- Legislative Council Brief on
United Nations Sanctions
(Somalia) Regulation 2019
(Amendment) Regulation 2021)

Members noted the above paper issued since the last meeting.

II. Date of next meeting and items for discussion

(LC Paper No. CB(1)518/20-21(01) -- List of outstanding items for
discussion

LC Paper No. CB(1)518/20-21(02) -- List of follow-up actions)

2. Members noted that the next regular Panel meeting would be held on 16 March 2021 at 2:30 pm to discuss the following items proposed by the Administration –

- (a) Phase 2 of the Hong Kong Science Park Expansion Programme and the latest development of the Hong Kong Science Park ("HKSP") and industrial estates;
- (b) SME Export Marketing Fund ("EMF"); and
- (c) Support measures for Small and Medium Enterprises ("SMEs") provided by Hong Kong Trade Development Council ("HKTDC").

As there were three discussion items, the Chairman suggested and members agreed that the next meeting would be held from 2:30 pm to 5:00 pm.

(Post-meeting note: Members were informed under LC Paper No. CB(1)647/20-21 dated 10 March 2021 that the Chairman had acceded to the Administration's request for replacing the two discussion items on "EMF" and "Support measures for SMEs provided by HKTDC" by a new item on "Support for SMEs - (a) proposed enhancements to EMF, Dedicated Fund on Branding, Upgrading and Domestic Sales ("BUD Fund"), and SME Financing Guarantee Scheme; and (b) support measures for SMEs provided by HKTDC". Members were also informed under LC Paper No. CB(1)660/20-21 dated 12 March 2021 that the Chairman had acceded to the Administration's further request for retitling the discussion item "Phase 2 of the Hong Kong Science Park Expansion Programme and the latest development of HKSP and industrial estates" as "Latest development of HKSP and industrial estates".)

3. The Chairman also reminded members that at the invitation of the Hong Kong Science and Technology Parks Corporation, the Panel would conduct a visit to HKSP on 23 February 2021 to enable members to better understand the work of HKSP and its development plans. Participating Members would be advised of the arrangements in due course.

(Post-meeting note: Seven Panel members and three non-Panel Members joined the visit on 23 February 2021.)

List of outstanding items for discussion

4. The Chairman informed members of the Administration's suggestion of removing Item No. 11 "Convention and exhibition ("C&E") industry in Hong Kong" from the List of outstanding items for discussion based on the reason that it had already briefed the Panel on the subject at the Policy Briefing held on 15 January 2021 in the context of briefing the Panel on the Chief Executive's 2020 Policy Address.

5. Mr YIU Si-wing noted that the Administration had withdrawn the proposal to develop a new convention centre on the site above the Exhibition Station of the Shatin to Central Link. While expressing concern that Hong Kong had lagged behind neighbouring cities in the provision of C&E facilities, Mr YIU considered there was a need for the Administration to review whether the finding of the consultancy study commissioned by the Administration in 2014 that about 132 000 sq m additional C&E space would be required to capture all unmet demand at peak periods in Hong Kong by 2028 was still valid. Mr YIU further

pointed out that the C&E industry had almost come to a complete halt during the pandemic and requested the Administration to brief the Panel on its strategies and measures to reinvigorate Hong Kong's status as a premier international C&E hub when the pandemic situation was contained.

Clerk 6. Sharing Mr YIU Si-wing's concern on the future development of Hong Kong's C&E industry, the Chairman directed the Clerk to reflect members' views to the Administration.

III. Implementation of the Free Trade Agreement and Investment Agreement between Hong Kong, China and the Association of Southeast Asian Nations

(LC Paper No. CB(1)518/20-21(03) -- Administration's paper on "Implementation of the Free Trade Agreement and Investment Agreement between Hong Kong, China and the Association of Southeast Asian Nations"

LC Paper No. CB(1)518/20-21(04) -- Paper on the Implementation of the Free Trade Agreement and Investment Agreement between Hong Kong, China and the Association of Southeast Asian Nations prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

7. At the invitation of the Chairman, Director-General of Trade and Industry ("DGTI") briefed members on the implementation of the Free Trade Agreement ("FTA") and the related Investment Agreement between Hong Kong and the Association of Southeast Asian Nations ("ASEAN") ("the agreements"). The agreements had gradually entered into force since June 2019 and took full effect on 12 February 2021. Details were set out in the Administration's paper (LC Paper No. CB(1)518/20-21(03)).

Discussion

Seeking accession to the Regional Comprehensive Economic Partnership

8. Mr Jeffrey LAM noted that with the agreements coming into force, Hong

Kong was well placed to seek accession to the Regional Comprehensive Economic Partnership ("RCEP") and was in close liaison with RCEP participating economies to proactively strive for accession. He enquired about the progress in this respect. Mr LAM also noted that RCEP aimed to eventually eliminate over 90% of the tariffs on goods traded between its signatories; and establish unified rules of origin to facilitate international supply chains and reduce export costs. Given that the terms and conditions of RCEP might overlap with certain areas of the agreements, and that the FTA had a regular review mechanism which provided for further negotiations on trade liberalization between Hong Kong and ASEAN, Mr LAM enquired how this review mechanism could tie in with Hong Kong's accession to RCEP.

9. DGTI advised that the Hong Kong Special Administrative Region ("HKSAR") Government had indicated, as early as in 2018, to individual RCEP participating economies at various levels and on various occasions Hong Kong's keen interest in joining RCEP, and received positive responses that Hong Kong could seek accession in accordance with the relevant provisions set out in RCEP after its entry into force. DGTI added that under the regular review mechanism of the FTA between Hong Kong and ASEAN, Hong Kong might seek further liberalization on trade in goods and services through consultation with ASEAN member states. Whilst the economic and trade development of individual ASEAN member states might vary, the HKSAR Government would continue to monitor the situation with a view to broadening the scope of trade liberalization.

10. Mr Jeffrey LAM and the Chairman noted that Hong Kong, which had all along been a free port, did not impose tariff on imports and exports. They enquired about the advantages or disadvantages to Hong Kong to be brought by its accession to RCEP. Sharing a similar view, Mr MA Fung-kwok asked whether Hong Kong was required to make additional commitments when seeking accession to RCEP. Mr Martin LIAO also enquired about the major challenges facing Hong Kong in seeking accession to RCEP.

11. DGTI advised that Hong Kong had been maintaining an open trade regime and applied zero tariff on all products. Forging FTAs would enable Hong Kong originating products to enjoy preferential tariff treatments provided by other economies, thereby bringing tariff benefits to Hong Kong traders. The HKSAR Government would also seek to secure high-level commitments on trade in services when negotiating FTAs with other economies. For example, Hong Kong was able to secure preferential market access and legal certainty from ASEAN member states in respect of trade in services under the agreements with ASEAN. As Hong Kong had already signed FTAs with 13 out of the 15 participating economies of RCEP (i.e. the 10 ASEAN member states, the Mainland, Australia and New Zealand, except Japan and Korea), RCEP would add Japan and Korea to its list of FTA partners. DGTI added that in joining RCEP which was an

important regional economic integration initiative, Hong Kong would stand to benefit from the consolidation of supply chain and enhanced economic development of the entire region. DGTI stressed that mutual benefits remained the key to any successful FTAs and added that the Central People's Government had given strong support for Hong Kong's accession to RCEP under the name "Hong Kong, China".

12. Mr MA Fung-kwok said that as a separate customs territory, Hong Kong was used to engaging in international trade negotiations at an early stage. However, this seemed not to be the case with RCEP. Mr MA enquired about the reasons for that. The Chairman opined that it was due to geopolitical reasons that Hong Kong had been thwarted from engaging in the FTA negotiations with ASEAN and therefore lagged behind in RCEP negotiations.

13. DGTI advised that the RCEP negotiations began in 2012. When Hong Kong started negotiations on the FTA with ASEAN in 2014, RCEP negotiations were already in full swing. Deputy Director-General of Trade and Industry (Multilateral Trade, Regional Cooperation & Bilateral Trade) added that by the time FTA negotiations between Hong Kong and ASEAN came to conclusion in 2017, the RCEP negotiations were close to the final stage.

14. The Deputy Chairman said that as China was the largest economy among the RCEP participating economies, it was expected that RCEP would create a conducive environment to promote cross-boundary Renminbi ("RMB") trade settlement and investment, thereby elevating the level of RMB usage in the region. He enquired whether the Administration had formulated targeted strategies and measures, through the development of RCEP, to consolidate Hong Kong's status as the world's largest offshore RMB business hub. The Deputy Chairman suggested that the Administration should devise templates of trade contracts to encourage RMB trade settlement with RCEP participating economies.

15. DGTI advised that as the leading global RMB trade settlement centre, Hong Kong had been supporting different types of cross-boundary and offshore RMB trading activities, developing its offshore RMB financial and foreign exchange markets, as well as rolling out various mutual market access schemes, providing market participants with diversified options and convenient channels for their RMB trading activities. In the first 11 months of 2020, Hong Kong processed over RMB5,700 billion worth of RMB trade settlements, representing an increase of 20% compared to the same period in 2019. Hong Kong also had the world's deepest offshore RMB liquidity pool of over RMB700 billion. The Administration would closely monitor the development of RCEP and continue its efforts to further promote market development with a view to consolidating Hong Kong's position as a global hub for offshore RMB business. DGTI undertook to relay to the Financial Services and Treasury Bureau the Deputy Chairman's

suggestion on devising templates of trade contracts to encourage RMB trade settlement.

16. Dr CHIANG Lai-wan urged the HKSAR Government to strive for early accession to RCEP, whose participating economies accounted for some one-third of the world's gross domestic product, which was much greater than that of the ASEAN member states. She enquired about the Administration's confidence in successfully joining RCEP. She also suggested that the HKSAR Government should show its sincerity in joining RCEP by offering to set up a regional head office for RCEP in Hong Kong.

17. DGTI advised that the Administration was confident in Hong Kong's accession to RCEP as it had already signed FTAs with 13 out of the 15 RCEP participating economies. The Administration had indicated to RCEP participating economies Hong Kong's interest in joining RCEP, and the response was positive. He added that RCEP would take effect 60 days after at least six ASEAN member states and three non-ASEAN signatory states had completed their internal ratification processes, and request for accession by new members would not be processed until 18 months after RCEP entered into force. Meanwhile, the Administration was actively engaging the RCEP participating economies to make early preparations for Hong Kong's accession to RCEP.

18. Mr WONG Ting-kwong noted that Hong Kong had signed four FTAs in the current term of Government, namely with Macao Special Administrative Region, Georgia, ASEAN and Australia. He enquired about the Administration's future plans on entering into FTAs with other economies.

19. DGTI advised that Hong Kong was actively exploring an FTA with Thailand, with a view to formulating within 2021 a work plan for formal negotiations. Meanwhile, as a member of the World Trade Organization and a staunch supporter of free trade, Hong Kong would always look for new opportunities for entering into FTAs with other economies.

20. The Chairman noted that Hong Kong had already signed FTAs with 13 out of the 15 participating economies of RCEP, with the exception of Japan and Korea. He enquired what favorable terms and conditions over and above the signed FTAs Hong Kong could strive from the two economies in joining RCEP.

21. DGTI advised that RCEP was an FTA of a high standard encompassing trade in goods and services, investment and other related areas. Its scope was basically in line with the FTAs which Hong Kong had signed with other economies. The HKSAR Government would strive for the most favourable terms and conditions in tariff, market access and legal protection during the RCEP negotiation process.

Trade in goods and trade in services

22. Mr YIU Si-wing enquired why the figures on trade in services with ASEAN provided in the Administration's paper (LC Paper No. CB(1)518/20-21(03)) were updated to 2018 only, whereas those on trade in goods were updated to 2020. He was concerned whether the Administration had focused more effort on merchandise trade than on services trade. He was also interested to learn about Hong Kong's performance in tourism services with ASEAN.

23. DGTI advised that the Administration attached equal importance to trade in goods and trade in services which were both integral parts of the FTA alongside economic and technical cooperation. As the relevant figures on trade in services were not yet available from the Census and Statistics Department, such information had not been provided in the Administration's paper.

24. Mr Holden CHOW agreed that it was important for Hong Kong to seek accession to RCEP as early as possible. Noting that geopolitical dynamics might affect Hong Kong's economic and trade cooperation with ASEAN, he enquired about the measures taken by the Administration to promote Hong Kong as a gateway to the Mainland, especially in respect of legal and professional services.

25. DGTI advised that the Administration had been adopting the strategies of "going global" and "attracting foreign investment" in promoting Hong Kong's economic and trade cooperation with ASEAN. In attracting foreign investment, Invest Hong Kong and the three overseas Economic and Trade Offices ("ETOs") in ASEAN (Bangkok, Jakarta and Singapore) had put much effort in promoting trade in goods and services, including professional services. With regard to going global, the Administration had been taking forward the work through HKTDC and the Trade and Industry Department. In August 2018, the geographical coverage of the funding support for SMEs under the BUD Fund was extended to include ASEAN markets in order to help SMEs to reap the benefits shortly after signing of the agreements.

Benefits brought by the agreements

26. Mr Martin LIAO welcomed the implementation of the agreements which would bring much benefit to Hong Kong in terms of investment protection and lowering tariffs on goods and services. Mr LIAO enquired about the anticipated increase in total merchandise and services trade with ASEAN to be brought about by the full implementation of the agreements. He also enquired if the Administration had plans to set up more ETOs in ASEAN.

27. DGTI advised that with the agreements gradually entering into force since June 2019, up to 31 December 2020, Hong Kong traders had been issued with a total of 183 Certificates of Hong Kong Origin – Form AHK which enabled them to enjoy preferential tariff treatment. The total export value of the goods concerned to ASEAN amounted to over HK\$26.7 million. The Administration expected that the total export value of goods enjoying preferential tariff treatment would continue to increase as the elimination or reduction of tariffs of individual ASEAN member states was rolled out progressively. Figures on the anticipated increase in total merchandise and services trade brought about by the full implementation of the agreements were not available at this juncture.

28. The Chairman noted that since the agreements started gradually entering into force in June 2019, the total value of merchandise trade between Hong Kong and ASEAN had increased correspondingly, reaching HK\$1,034 billion in 2020. He enquired whether the amount involved a trade surplus or trade deficit. DGTI advised that Hong Kong ran a merchandise trade deficit with ASEAN of HK\$468 billion in 2020.

Tourism cooperation

29. Mr YIU Si-wing noted that at the videoconference meeting held in August 2020 between the Secretary for Commerce and Economic Development ("SCED") and ASEAN Economic Ministers, representatives agreed to take collective action against the Coronavirus Disease-2019 ("COVID-19"), and cooperate in the economic recovery process in the aftermath of the pandemic. Mr YIU enquired whether the issue of travel bubble, including the criteria and timetable for launching, was discussed at the meeting.

30. DGTI said that SCED represented Hong Kong to attend two high-level meetings with ASEAN Economic Ministers to exchange views on trade and economic matters following the entry into force of the agreements since June 2019. At the meeting held via videoconference in August 2020, SCED and all ASEAN Economic Ministers expressed deep concerns over the COVID-19 pandemic and acknowledged the importance of having collective action and regional cooperation in the economic recovery process. DGTI added that plans for the travel bubble with Singapore were put on hold in November 2020 due to the onset of the fourth wave of COVID-19 outbreak in Hong Kong. As the fourth wave began to subside, Hong Kong and Singapore might be able to resume discussion over the postponed travel bubble at an appropriate time. Besides, the HKSAR Government was prepared to explore the feasibility of organizing travel bubbles with other economies if appropriate.

Assistance to Hong Kong enterprises in member states of Association of Southeast Asian Nations

31. Mr YIU Si-wing noted the unstable political situation of Myanmar, and enquired about the Administration's measures to assist Hong Kong enterprises investing or doing business there. Sharing a similar concern, the Chairman enquired whether Hong Kong enterprises encountering difficulties in Myanmar should be advised to seek help from ETO in Bangkok or the Embassy of the People's Republic of China in the Republic of the Union of Myanmar for more timely assistance.

32. DGTI advised that the political situation and changes in government personnel in Myanmar was not expected to impact on Myanmar's fulfillment of its obligations of the agreements, including the responsibilities for investment protection. The HKSAR Government had been monitoring the latest situation in Myanmar through the ETO in Bangkok, and would provide assistance to Hong Kong enterprises where necessary. No request for assistance had been received so far. Hong Kong enterprises might also seek help from the Embassy of the People's Republic of China in the Republic of the Union of Myanmar if necessary.

IV. Latest development of the testing and certification industry

LC Paper No. CB(1)518/20-21(05) -- Administration's paper on "Latest development of the testing and certification industry"

LC Paper No. CB(1)518/20-21(06) -- Paper on the development of Hong Kong's testing and certification industry prepared by the Legislative Council Secretariat (updated background brief)

LC Paper No. CB(1)579/20-21(01) -- Administration's paper on "Latest development of the testing and certification industry" (PowerPoint presentation material)
(Chinese version only, tabled at the meeting and subsequently issued on 19 February 2021)

Presentation by the Administration

33. At the invitation of the Chairman, Under Secretary for Innovation and Technology ("US for IT") gave an overview of the development of the testing and certification ("T&C") industry in Hong Kong. He told members that the Administration was committed to fostering an environment conducive to the development of the T&C industry and opening up new opportunities for the industry.

With the aid of PowerPoint presentation, Secretary-General (Testing and Certification), Hong Kong Council for Testing and Certification ("SG, HKCTC") briefed members on the latest development of Hong Kong's T&C industry in recent years. Details were set out in the Administration's papers (LC Paper Nos. CB(1)518/20-21(05) and CB(1)579/20-21(01)).

Discussion

Industry profile

34. Mr CHAN Chun-ying said that according to the figures provided in the Administration's paper, the number of local private independent establishments engaging in testing, inspection and certification activities ("T&C establishments") had increased by 20% from 640 to 770 between 2015 and 2019 but the number of persons engaged had increased only by around 9% over the same period. He asked whether the Administration had identified the reasons behind such a difference.

35. SG, HKCTC replied that in 2019, 730 of 770 local private T&C establishments were SMEs which engaged less than 50 employees, whereas the remaining 40 establishments each engaged 50 or more employees. As the number of large T&C establishments remained relatively stable in the past few years, the average number of persons engaged by each T&C establishments fell with the growth in the number of small and medium T&C establishments.

36. The Chairman added that according to his observations, most of the large T&C establishments in Hong Kong were multinational T&C corporations' branches and subsidiaries. They dominated the local market and undertook most of the T&C work required for export of toys and textiles.

37. Mr CHAN Chun-ying asked whether the Administration had explored why the business receipts of medical testing had declined by \$448 million in 2019. Commissioner for Innovation and Technology ("CIT") advised that medical testing covered blood test, urinalysis, microbiology, bacteriology and imaging services. The social incidents in 2019 had deterred Mainland residents from visiting Hong Kong for medical testing, which was believed to be one of the major causes of the decline in the business receipts of medical testing in that year. Looking ahead, it was hoped that the revenue generated from medical testing would rebound after the resumption of cross-boundary travel between Hong Kong and Guangdong/Macao.

Manpower development

38. Mr Martin LIAO referred to media reports that the T&C industry had been facing an increasingly tight manpower situation. He asked whether the

Administration had analyzed the number of job vacancies in the industry by type of services, namely testing, inspection and certification. He also enquired about the total number of graduates of the local tertiary programmes dedicated to T&C and sought elaboration on whether Hong Kong had a sufficient pool of talents to sustain the development of the industry.

39. Mr CHAN Chun-ying asked about the percentage of the first batch of graduates of the Bachelor of Science (Honours) in Analytical Sciences for Testing and Certification programme offered by the Hong Kong Polytechnic University who had actually engaged in the T&C field upon graduation in 2019. As talent was the key to the development of Hong Kong's T&C industry, Mr CHAN suggested that tertiary institutions might consider inviting their graduates who had joined the T&C industry to share their experience to the younger generation with a view to enticing more students to pursue T&C programmes and attracting new blood to the industry.

40. CIT and SG, HKCTC responded that a list of programmes dedicated to T&C, ranging from master's degree level to higher diploma level, offered by local post-secondary institutions was set out in Enclosure II to the Administration's paper. Apart from a Higher Diploma in Analytical Science programme, the Vocational Training Council also offered seven higher diploma courses on applied science with graduates joining the T&C sector. Altogether these higher diploma courses provided around 400 graduates each year. Among the graduates in 2020, over 20% had joined the T&C sector. The Open University of Hong Kong also offered a number of full-time Bachelor's degree courses relating to T&C, which provided around 200 graduates in 2019. Due to their training on T&C, these graduates were targeted by many T&C organizations. The Administration did not have statistics on the jobs taken up by graduates of other T&C-related courses.

41. SG, HKCTC also advised that the Panel on Manpower Development under the Hong Kong Council for Testing and Certification ("HKCTC") had been working on two aspects to strengthen the manpower development of the T&C sector. Firstly, HKCTC would enhance young people's understanding of the diversified development prospects of the T&C industry. Secondly, HKCTC planned to organize an award scheme to (a) give due recognition to T&C organizations which actively promoted talent training and professional development; and (b) acclaim outstanding T&C practitioners who strived for continuous learning and improvement, and made distinguished contribution to improving service quality and productivity of their organizations. CIT added that members of the public had become more aware of the importance of professional T&C services during the pandemic. The Administration would continue to enrich secondary school students' understanding in T&C, thereby stimulating their interest in joining the industry in the future.

Development of the testing and certification industry

42. Given the good reputation of Hong Kong's T&C industry and the brand of "Tested in Hong Kong, Certified in Hong Kong", Mr Martin LIAO believed that Hong Kong's T&C services had the potential to reach out to the global market. In addition, the Administration should help the industry realize its growth potential by actively participating in the national development strategy of domestic and international dual circulation. Specifically, Mr LIAO enquired whether the digital promotion scheme rolled out in January 2021 in the Mainland was confined to the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") and asked about the responses of the Mainland manufacturers and traders to the promotion scheme.

43. CIT replied that distinct advantages were enjoyed by the T&C industry in Hong Kong. Professionalism, integrity, being responsive to market needs, having a robust accreditation system and good intellectual property ("IP") protection framework were all cornerstones of the success of the industry. As local T&C organizations were familiar with the needs of overseas markets and acclaimed by buyers across the globe, it was believed that local T&C organizations could go beyond Hong Kong and the Greater Bay Area. The Administration would continue to facilitate the development of Hong Kong's T&C industry by reinforcing the branding of "Tested in Hong Kong, Certified in Hong Kong".

44. SG, HKCTC supplemented that the Administration had rolled out in January 2021 a four-month digital promotion scheme to publicize the strengths of Hong Kong's T&C industry by placing advertisements (with keyword search advertising) on a number of popular digital platforms in the Mainland. She explained that it was the first time for the Administration to promote Hong Kong's T&C services in the Mainland through digital channels. The scheme targeted at manufacturers and traders of products like food and cosmetics, etc. in the Mainland cities of the Greater Bay Area. Upon the end of the promotion scheme, the Administration would conduct a review to see how the promotion strategy could be improved.

45. Mr YIU Si-wing pointed out that the direct economic contribution to Hong Kong and the total business receipts of the T&C industry had largely remained at the same level since 2015. While stressing the need for the Administration to formulate policies to lead and drive the development of the T&C industry, he considered that solely relying on publicity efforts in the Greater Bay Area was inadequate to enhance the vibrancy and competitiveness of the industry. He asked whether the Administration had discussed with the trade on the possible policy measures to support them in exploring the Mainland or even the regional market, with a view to speeding up the development of Hong Kong's T&C industry.

46. Ir Dr LO Wai-kwok declared that he was currently the Honorary Chairman of the Hong Kong Quality Assurance Agency and he had been one of the members of HKCTC when it was established in 2009. He pointed out that recognition of Hong Kong's conformity assessment results in the Greater Bay Area, and even the Mainland as a whole, was crucial to the promotion of Hong Kong's T&C services in the Mainland, and asked about the latest development in this regard.

47. The Chairman referred to his suggestions raised at the Panel meeting on 27 February 2018 that in order to elevate Hong Kong's T&C industry to an international level, (a) Hong Kong should take part in the development work of international standards; and (b) the Administration should liaise with overseas Governments and authorities to foster mutual recognition on T&C standards developed locally. He asked whether any of the certification criteria and testing methods developed in Hong Kong had so far been adopted internationally.

48. SG, HKCTC responded that accreditations granted by the Hong Kong Accreditation Service ("HKAS") were currently recognized by accreditation bodies in over 100 economies (up from around 70 economies in 2015). Hong Kong's T&C industry was positioned to seize the new opportunities arising from the Greater Bay Area development on two fronts. On the "internal" front, under the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA"), testing organizations in Hong Kong were allowed to cooperate with designated Mainland certification bodies to undertake testing of products requiring China Compulsory Certification. It enabled Hong Kong's T&C industry to serve the huge consumer goods market in the Greater Bay Area. On the "external" front, Mainland manufacturers might make use of Hong Kong's advantage in having a robust IP protection regime to conduct prototype testing for their new products, and the international connection of Hong Kong's T&C bodies. Hong Kong's T&C services could enable Mainland enterprises (in particular those in the Greater Bay Area) to showcase their product quality to the outside world, which could in turn help them "Go Global" and access the international market.

49. SG, HKCTC also advised that HKCTC Secretariat had consulted the T&C organizations in November 2020 on how to leverage the opportunities arising from the Greater Bay Area development. Majority of the respondents supported HKCTC to step up publicity in the Greater Bay Area, and expressed interests in joining on-site sharing sessions or trade fairs targeting individual Greater Bay Area cities or product types after the pandemic had subsided. The Administration would follow up with the trade regarding their proposals for further services liberalization under the framework of CEPA.

50. Mr SHIU Ka-fai opined that the Administration should vigorously promote the development of T&C industry in Hong Kong in view of the fact that its T&C

services had been instilling overseas confidence in the quality of Hong Kong's products. Under the development of the Greater Bay Area, Mr SHIU sought confirmation on whether Hong Kong's T&C establishments had competitive edges over other market players in the Mainland. He also asked about the number of Hong Kong's T&C establishments in the Mainland cities of the Greater Bay Area and how the Administration would enhance the competitiveness of Hong Kong's T&C industry when they provided services in the Mainland.

51. US for IT responded that there was a trend of relocation of manufacturing industries (e.g. mask production) and high technology industries (e.g. robotics) back to Hong Kong. Coupled with the increasing public awareness of the importance of the professional T&C services during the pandemic, the expansion in manufacturing activities gave rise to new opportunities for the T&C industry. The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area further supported Greater Bay Area enterprises in using services of Hong Kong such as testing, inspection and certification. In addition to inviting the trade to participate in trade fairs in the Mainland, the Administration had stepped up its promotion efforts, including promoting Hong Kong's T&C services through digital channels in the Mainland.

52. Ir Dr LO Wai-kwok was disappointed that the direct economic contribution of the T&C industry remained stagnant between 2015 and 2019. The total business receipts of the industry in 2020 were expected to increase significantly due to the surge in the demand for medical testing services during the pandemic. Such demand would, in Ir Dr LO's viewpoint, remain strong even after the pandemic as the public had become more aware of the importance of T&C services. On this, he asked whether the Administration would project the long term global demand for medical testing services and formulate strategies to enhance the standard and competitiveness of Hong Kong's T&C industry with a view to increasing the contribution of the T&C industry to Hong Kong's economy. Ir Dr LO also highlighted the importance of the T&C industry to Hong Kong that its quality assurance work had been supporting many other industries like manufacturing, construction, medical and health services.

53. CIT responded that with the outbreak of COVID-19, the T&C industry had stayed committed to its duty as a gatekeeper to ensure the quality of various anti-epidemic items (e.g. personal protective equipment, alcohol-based hand-rub, ultraviolet disinfection machines and face masks). The industry had also provided COVID-19 testing services for imported frozen food and environmental surface samples. Besides, the Administration in collaboration with the University of Hong Kong had conducted a research study on testing COVID-19 virus in sewage to monitor virus transmission in local communities. The global outbreak of COVID-19 had enhanced public awareness of the importance of quality assurance work provided by the T&C industry. The anti-epidemic work in the

past year or so had brought about insights in enhancing quality management of different products and services. It was believed that the trade would explore new business opportunities under the new normal.

54. Mr SHIU Ka-fai enquired about the Administration's assessment on the implications of the requirement on origin marking for Hong Kong products announced by the United States Customs and Border Protection in August 2020 on the development and promotion of Hong Kong brands. US for IT replied that the Administration had formally launched in October 2020 procedures in accordance with the World Trade Organization Dispute Settlement Mechanism with respect to the United States' new requirement.

COVID-19 related tests

55. The Chairman said that a number of local technology companies had been developing over the past few months new technologies/products which could kill COVID-19 virus. Yet, except two local universities, Hong Kong did not have any T&C organizations which could conduct tests using COVID-19 virus, due to the highly contagious nature of the virus. As a result, these new technologies/products had to be tested in other economies, which was time consuming. In this connection, the Chairman asked whether the Administration would allow T&C organizations to conduct tests using COVID-19 virus, or provide support for conducting such tests via public bodies. If this could be done, such products could be brought to the market more quickly and that Hong Kong could take the lead in such new technologies/products internationally.

56. CIT responded that there were local testing laboratories offering COVID-19 nucleic acid tests for imported frozen food and packaging surface samples as well as environmental surface samples. SG, HKCTC supplemented that commercial T&C bodies might not always possess the necessary equipment for certain tests, depending on their usual business needs. CIT said that the Administration would communicate with the trade to understand their needs and the possible support on top of the various funding schemes provided under the Innovation and Technology Fund.

57. Mr YIU Si-wing noted that as at February 2021, eight hospitals/laboratories had been accredited by HKAS for the COVID-19 nucleic acid tests and 10 applications were being processed. He asked whether the testing services provided by these 18 hospitals/laboratories could cope with the increasing demands for COVID-19 nucleic acid testing given that practitioners of a number of sectors were now required to undergo COVID-19 nucleic acid testing at least once every 14 days.

58. CIT replied that apart from allocating resources to prioritize the processing of these applications for accreditation, HKAS had compressed the required processing time as far as practicable. As demand for COVID-19 nucleic acid testing continued to be strong, it was anticipated that more T&C establishments would be willing to make investment in providing COVID-19 nucleic acid test. The Administration would continue to promote to the trade HKAS's accreditation service in this respect.

59. SG, HKCTC added that according to the survey conducted by the Food and Health Bureau, the daily testing capacity of local private laboratories had increased from approximately 4 000 in June 2020, to 40 000 in August 2020 and almost 100 000 in December 2020. It was understood that the testing laboratories had been enhancing their testing capabilities for COVID-19 nucleic acid tests by hiring additional manpower and acquiring additional equipment.

Monitoring of the testing and certification establishments

60. Mr YIU Si-wing asked how the Administration handled cases of alleged non-conformity with accreditation requirements involving HKAS accredited organizations and whether any of the accredited organizations had been found in breach of the accreditation regulations or criteria during the past few years. Mr SHIU Ka-fai called on the Administration to closely monitor the operations of all Hong Kong-based T&C organizations, both in Hong Kong and other parts of the Greater Bay Area, in order to ensure that their services met the required standards, thereby protecting the reputation and sustaining the long-term healthy development of Hong Kong's T&C industry.

61. CIT responded that accreditation was an official recognition of the competence of a T&C organization in carrying out specific conformity assessment tasks. Although accreditation was voluntary in Hong Kong, T&C organizations were encouraged to seek HKAS accreditation in order to enhance their competencies. HKAS had been conducting surveillance visits, unannounced visits and re-assessments on accredited organizations to ensure that the accreditation standards were maintained. If in the opinion of HKAS an accredited organization failed to comply with the accreditation criteria, HKAS could suspend or terminate the concerned organization's accreditation of related activities. In response to Mr YIU Si-wing's enquiry, Executive Administrator (Accreditation), Hong Kong Accreditation Service supplemented that with the number of HKAS accredited organizations remaining at around 270 in the past three years, HKAS had not imposed suspension or termination on the accreditation of any HKAS accredited organizations during the period.

V. Any other business

62. There being no other business, the meeting ended at 12:49 pm.

Council Business Division 1
Legislative Council Secretariat
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