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Panel on Commerce and Industry

Meeting on 17 November 2009

Background brief on promoting the development of the testing and certification industry in Hong Kong

Purpose

This paper gives an account of the previous discussions by Members on promoting the development of the testing and certification industry in Hong Kong.

Background

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

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

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

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

4. According to the Administration, there are currently over 300 organizations in the industry, most of them being private laboratories. While there is a total of some 10 000 employees in the industry, the size of these organizations vary substantially, with staff sizes ranging from a few to over 2 000 people. The annual growth of the workforce in the industry between 1992 and 2002 was about 10%, and that between 2003 and 2008 was 5%, thereby contributing significantly to employment opportunities.

Previous discussions

5. Members have followed closely the development of the testing and certification industry in Hong Kong. Members consider that this industry could bring substantial benefit to Hong Kong economy in the medium and long term and help safeguard the interests of consumers both locally and overseas.

6. During the debate on a motion on promoting the development of the testing and certification industry in Hong Kong at the Council meeting on 20 May 2009, Members urged the Government to grasp the market opportunities and draw up a comprehensive plan to facilitate the growth of the industry by:

- (a) outsourcing more government testing services to private laboratories;
- (b) striving to further relax the restrictions on the industry to establish businesses in the Mainland under CEPA and promoting the service of the industry in the Mainland and in the region;
- (c) strengthening the local accreditation system to enable the industry to engage in a wider range of testing services;
- (d) reinforcing the reputation of the industry by concluding more mutual recognition agreements overseas, so as to enhance international confidence in export products manufactured in Hong Kong and the

Mainland;

- (e) widening the scope of food testing in the interests of consumers;
- (f) introducing tax incentives and other encouragement policies to enhance the development of the industry;
- (g) discussing with local institutes and organizations to encourage them to provide more testing-and-certification-related training programmes to ease the shortage of specialists in the industry; and
- (h) allocating more resources to the Hong Kong Accreditation Service for providing new accreditation service for food manufacturing process and establishing a certification system for organic food to facilitate consumers to recognize such products.

7. The Administration subsequently provided a progress report in response to the views expressed by Members during the motion debate. A copy of the motion and the Administration's progress report are given in the **Appendix**.

8. At the policy briefing for the Panel on Commerce and Industry on 20 October 2009, the Secretary for Commerce and Economic Development briefed members on the relevant initiatives under the 2009-2010 Policy Agenda. Panel members in general supported the Government's plan to develop the testing and certification industry which would help ensure the quality of Hong Kong products. They considered that the Government should formulate plans for the grooming of talents with the various universities and professional institutes. They also called on the Government to seek the agreement of the Mainland authorities on the recognition of testing reports issued by accredited Hong Kong laboratories.

Latest position

9. The Administration will brief the Panel on 17 November 2009 on the establishment of the HKCTC.

Relevant papers

Motion on "Promoting the development of the testing and certification industry in Hong Kong" at the Council meeting on 20 May 2009

http://www.legco.gov.hk/yr08-09/english/legco_rpt/legco_motion05212-e.pdf

Minutes of the Council meeting on 20 May 2009

<http://www.legco.gov.hk/yr08-09/english/counmtg/hansard/cm0520-translate-e.pdf>

Progress Report on "Promoting the development of the testing and certification industry in Hong Kong"

<http://www.legco.gov.hk/yr08-09/english/counmtg/motion/cm0520-m2-prpt-e.pdf>

Information papers provided by the Administration for the Commerce and Industry Panel meeting on 20 October 2009

<http://www.legco.gov.hk/yr09-10/english/panels/ci/papers/ci1020cb1-13-3-e.pdf>

Speaking note of the Secretary for Commerce and Economic Development for the Commerce and Industry Panel meeting on 20 October 2009

<http://www.legco.gov.hk/yr09-10/chinese/panels/ci/papers/ci1020cb1-90-1-c.pdf>

Council Business Division 1
Legislative Council Secretariat
11 November 2009

**Progress Report on
"Promoting the development of the
testing and certification industry in Hong Kong"**

Purpose

On 20 May 2009, the Legislative Council carried the motion on "Promoting the development of the testing and certification industry in Hong Kong" moved by Hon Andrew LEUNG Kwan-yuen, as amended by Hon Tommy CHEUNG Yu-yan and Hon Fred LI Wah-ming. The wording of the motion is at **Annex**. This note updates Members on the follow-up action taken by the Administration in respect of the suggestions in the motion.

Task Force on Economic Challenges

2. The Task Force on Economic Challenges (TFEC) has identified the testing and certification industry as one of the six economic pillars in Hong Kong which have strong potential for development. At its meeting on 22 June 2009, TFEC recommended the following measures:

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

- (d) Pursue discussions with the Mainland authorities through CEPA to seek their agreement to recognise the testing reports of Hong Kong-accredited laboratories; and
- (e) Strengthen vocational training programmes for the industry.

3. The Chief Executive has accepted these recommendations. The Government has started discussions with representatives from the industry and other major stakeholders to gather their views towards the set-up of the Hong Kong Council for Testing and Certification (the Council) as well as its major tasks ahead. We aim to set up the Council by September 2009. Upon its establishment, the Council will work with industry to develop a three-year industry development plan within six months.

Outsourcing of testing services

4. In 2009/10, the Government plans to outsource some 78,000 food tests (7,200 samples) through 10 separate contracts covering preservatives, sulphur dioxide, heavy metals and pesticide residues. By mid June 2009, six contracts had already been awarded to three private laboratories. The private laboratories have been extending their scope of accreditation to cover the test parameters in the outsourcing programme.

5. The Government Laboratory has scheduled a variety of programmes, including proficiency test programmes, to support the development of the local testing industry. A briefing session will be held in July/August 2009 to review current outsourcing contracts and to invite views on next year's outsourcing plan.

Acceptance by Mainland Authorities

6. The Government will pursue discussions with the Mainland authorities and explore possibilities for lowering the entry requirements for local laboratories to start businesses in the Mainland and for the Mainland authorities to accept testing reports from local accredited laboratories in the context of CEPA services trade liberalisation. At the

same time, we will promote our testing and certification services in the Mainland through various departments and agencies.

Manpower training

7. Responding to the needs of the testing and certification industry, the Vocational Training Council (VTC) has been offering relevant training courses in areas such as food technology, pharmaceutical technology, biomedical science, nutrition science, textile, electrical engineering, automobile, and product testing. The duration of these training courses ranges from a short 10-hour course to a long 3 to 4-year Higher Diploma programme. Currently, there are about 1,300 places on pre-employment courses in these areas producing about 400 graduates every year at sub-degree level, as well as about 700 places on upgrading courses for in-service personnel. VTC will continue to work closely with the industry to ensure its programmes meet the needs of the industry.

8. For University Grants Committee (UGC)-funded institutions, they have full autonomy in curriculum development and will offer new courses in view of the development needs of the society and market demand. Some UGC-funded institutions are already offering courses relevant to the testing and certification industry such as food safety and quality management.

New Accreditation Services and Food Testing

9. The Hong Kong Accreditation Service (HKAS) will continue to monitor the demand for accreditation service and offer new services having regard to resources requirements. In 2009/10, an additional \$1.6 million has been allocated to HKAS to strengthen its accreditation service for food testing. In view of rising market demand, four local laboratories have extended their accreditation since mid May this year on a wider variety of food tests, covering pesticides, preservatives, formaldehyde, metals, and melamine etc.

10. As for organic food certification, this service is already available from local certification bodies. HKAS also has plans to provide accreditation to such certification bodies and those involved in food manufacturing process.

Mutual Recognition

11. HKAS will continue to engage and cooperate with international and regional accreditation bodies to expand the operating horizon for our industry through mutual recognition arrangements. At the Mutual Recognition Arrangement Council meeting of the Asia-Pacific Laboratory Accreditation Cooperation held in Hong Kong in May 2009, the Council admitted Russia and Pakistan as new members. This has further raised the number of HKAS mutual recognition arrangement partners to 73 in 54 economies.

Innovation and Technology Commission

July 2009

**Motion on
“Promoting the development of the
testing and certification industry in Hong Kong”
moved by Hon Andrew LEUNG Kwan-yuen
at the Legislative Council meeting
of Wednesday, 20 May 2009**

Motion as amended by Hon Tommy CHEUNG Yu-yan and Hon Fred LI Wah-ming

That recently the Task Force on Economic Challenges has identified the testing and certification industry as one of the six economic areas where Hong Kong has enormous potential for development and considered that this industry could benefit Hong Kong's economy in the medium and long term; moreover, Hong Kong has a professional and established testing and certification industry which brings substantial benefits to our economy and helps safeguard the interests of consumers both locally and overseas; in this connection, this Council urges the Government to grasp the market opportunities and draw up a comprehensive plan to facilitate the growth of this industry by:

- (a) outsourcing more government testing services to private laboratories;
- (b) striving to further relax the restrictions on the industry to establish businesses in the Mainland under the Mainland and Hong Kong Closer Economic Partnership Arrangement and promoting the service of the industry in the Mainland and in the region;
- (c) strengthening the local accreditation system to enable the industry to engage in a wider range of testing services;
- (d) reinforcing the reputation of the industry by concluding more mutual recognition agreements overseas, so as to enhance international confidence in export products manufactured in Hong Kong and the Mainland;
- (e) widening the scope of food testing in the interests of consumers;
- (f) introducing tax incentives and other encouragement policies to enhance the development of the industry; and
- (g) discussing with local institutes and organizations to encourage them to provide more testing-and-certification-related training programmes to ease the shortage of specialists in the industry; and
- (h) allocating more resources to the Hong Kong Accreditation Service for providing new accreditation service for food manufacturing process and establishing a certification system for organic food to facilitate consumers to recognize such products.