

HK's testing and certification industry sees new opportunities

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Enhanced cooperation with the Chinese mainland has led to liberalization measures for testing and certification services, or T&C services, with Hong Kong organizations embracing new opportunities.

From March 2015, the agreement between the mainland and the Hong Kong Special Administrative Region on achieving basic liberalization of trade in services in Guangdong has allowed qualified T&C organizations in Hong Kong to cooperate with their mainland counterparts.

They aim to undertake testing services for audio and visual products that are designed and prototyped in Hong Kong but manufactured in Guangdong under the China Compulsory Certification System, or CCC.

The agreement was signed in December 2014 under the framework of the mainland and Hong Kong Closer Economic Partnership Arrangement, or CEPA, which first promoted cooperation between the two sides in the T&C field in 2010.

CCC is a compulsory safety mark that applies to a range of products sold in the mainland market. In the past, these products had to be tested by a designated mainland testing organization.

Under the agreement, local testing organizations accredited by the Hong Kong Accreditation Service are allowed to cooperate with designated mainland organizations.

Arthur Lam, general manager of business development of the Chinese Manufacturer's Association Testing and Certification Laboratories, believed that the agreement can benefit Hong Kong's T&C



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industry because for the very first time it enables local organizations to partake in providing CCC testing services for products manufactured in the mainland.

He pointed out the liberalization measures under the agreement are well adjusted to better cater to local industry players' mode of operations.

“Nowadays, most factory production lines have been moved to the mainland while Hong Kong companies usually focus on product design and marketing.

“These measures can thus expand the scope of CCC testing services that can be



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provided by Hong Kong T&C organizations,” Lam said.

The agreement has further strengthened the collaboration between T&C organizations in Hong Kong and the mainland, according to Lam.

Local testing laboratories can contribute to performing safety and electromagnetic compatibility tests for audiovisual products before such products are certified for CCC by designated mainland certification bodies.

This allows Hong Kong and the mainland to work together to provide well-rounded T&C services, helping to ensure products comply with the relevant requirements.

While the conditions set out by the agreement may



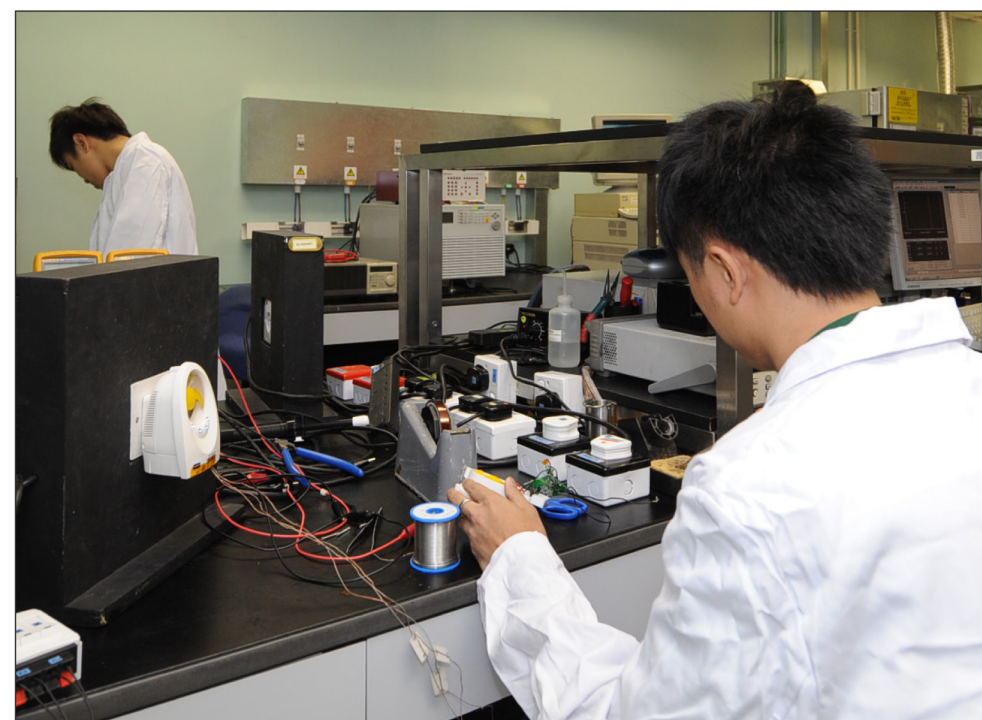
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have drawn boundaries for the scope of testing services that Hong Kong companies can provide in relation to CCC requirements, some in the industry view the liberalization measure as a good start that could provide the organizations with a precious opportunity to enter the mainland T&C market.

“This liberalization is definitely a breakthrough, as it opens up the gateway for local T&C organizations to enter the mainland market in a way that has never been done before,” said Daniel Yau, vice-president of Electrical & Network Assurance, Northeast Asia, Intertek.

“However, the difficult part about bringing in new business under the liberalization measures is that for many



Personnel conduct testing at a lab in Hong Kong. PROVIDED TO CHINA DAILY

products in the category of audio and visual apparatus, the research and development process may not take place in Hong Kong,” Yau said.

He hoped that, when future opportunities arise, the scope of the liberalization measures could be expanded to other areas that will unleash more potential opportunities and benefits to the industry.

Despite the restrictions posed by the agreement, the company has nonetheless received an increasing number of enquiries from Hong Kong-based companies expressing interest in new business related to the liberalization measures, Yau said.

These incoming enquiries have opened up opportunities for local T&C organizations to garner more business deals.

Hong Kong's location, as the hub that connects the Chinese mainland as a market and Southeast Asia as

an emerging manufacturing powerhouse, has also become a significant advantage for the city, Yau said.

“Not only does Hong Kong possess geographical merit but our T&C industry is also world-renowned for its professional knowledge, ethics and continuous innovation.

“The various advantages possessed by Hong Kong's T&C industry could attract clients from the mainland,” he said.

Another Hong Kong T&C industry player, Andy Ko, deputy managing director of China Dragon Inspection & Certification, is confident about the advantages of the industry.

He said that the liberalization measures have further enhanced the company's cooperation with organizations on the mainland, building a relationship of mutual trust that has led to cooperation in

categories outside the scope of the agreement, namely “non-CCC System” testing.

Ko believes that the local T&C industry will be able to take advantage of its international reputation to tap the vast opportunities of the mainland market.

“Hong Kong can serve as a springboard for mainland enterprises to reach out to the global market. With all the competitive edges it possesses, Hong Kong could become a major hub for T&C services,” he added.

With roughly 640 private T&C organizations and 13,580 people employed in the industry in 2015, Hong Kong possesses huge potential to further tighten collaboration with the mainland to undertake testing services in relation to the CCC requirement, in anticipation of benefiting more from the liberalization measures.