

8 April 2020

Mr. CHEUNG Kin Chung, Matthew, GBM, GBS, JP
Chief Secretary for Administration
Chief Secretary for Administration's Private Office
25/F, Central Government Offices,
2 Tim Mei Avenue, Tamar, Hong Kong

Dear Mr Cheung,

Re: Proposed Relief Measures for the Hong Kong Testing & Certification (T&C) Industry Under the Anti-epidemic Fund Amid COVID-19

As the representatives of the Hong Kong Testing & Certification (T&C) industry, we are writing to ask for your support by including specific relief measures for the industry as part of the Hong Kong Government's Anti-epidemic Fund.

The local T&C industry has always been a vital part of Hong Kong's role as an international trading hub. Ever since Hong Kong's emergence as a major global trading centre, T&C companies have been established as an integral and indispensable component of product sourcing and trading by assuring the quality and safety of products through independent testing and certification services according to buyers' requirements and to international standards. It was with this high level of confidence and integrity, backed by our industry, that Hong Kong has been able to strengthen its position as an international trading hub under well-established legal and financial systems.

To date, according to the latest figures from the Hong Kong Council for Testing and Certification (HKCTC), the industry has 720 private independent T&C establishments engaging 14 300 persons and generating business receipts of HKD15 billion. Hong Kong has been earmarked to help expedite the development of modern service industries in the Greater Bay Area as outlined in the Guangdong–HK–Macao Greater Bay Area Development Plan promulgated by the Chinese Government on 18 February 2019. As a cutting-edge service industry, our industry is and will remain an indispensable part of product sourcing and trading.

The outbreak of COVID-19 has meant that our industry now faces tremendous challenges. The value of total exports of goods from HK decreased by 12.0% in the first two months of 2020 compared with same period last year. The large

number of store closures across the world has resulted in the cancellation of orders for manufacturing customers, which in turn has led to a significant slowdown in the number of product testing jobs being channeled to the T&C industry. Many companies have implemented or are considering cost mitigation action, including freezing CAPEX, rental fee renegotiation with landlords and unpaid leave arrangements, as well as laying off employees. Maintaining full employment in Hong Kong is our priority as not only is it our corporate responsibility but it also takes time to rebuild the expertise and experience embodied by dismissed employees. Yet we are faced with an unprecedented financial burden under which difficult decisions have to be made to preserve the liquidity of our businesses.

We propose that the Government take immediate action to institute measures in the anti-epidemic fund on behalf of the T&C industry as listed below, taking reference from the HKD1,020 million offered to the Convention and Exhibition (C&E) industry in the first wave by cutting costs and creating demand with the aim of reinvigorating Hong Kong's reputation as an international premier C&E hub and sourcing centre. Our industry members consider that we are no less important in the role of facilitating trade in HK. The proposed measures are:

- Full sponsorship of testing of anti-virus products (face masks, medical gloves and gowns, safety goggles, hand sanitizers, disinfectants, digital thermometers), capped at HKD10,000 per company
- A 50% subsidy for testing of other products, capped at HKD10,000 per company
- Waiver of Hong Kong Accreditation Service (HKAS) accreditation fees for FY2020 for T&C companies in HK
- Waiver of chemical and biological waste treatment fees and disposal fees for construction waste

Through self-reliance we hope to survive through this difficult period in our times. However we believe that implementation of the above measures would demonstrate the Government's commitment to assuring the quality of anti-virus products on the market and to maintaining Hong Kong's reputation as an international premier T&C and trading hub.

We are grateful to you for your consideration.

Yours sincerely,



Mr. Patrick S. Lee

Chairman

Hong Kong Association for
Testing, Inspection and
Certification Limited (HKTIC)



Dr Tommy Lo

President

Hong Kong Institution of Certified
Auditors



Prof Joseph Mak

Immediate Past Chairman

Materials Division,

Hong Kong Institution of
Engineers



Stanley Chan

Chairman

Association of Construction
Materials Laboratories Ltd.