testing & certification in greater china
When colours meet inspiration

Hermès, contemporary artisan since 1837.
Testing and Certification (T&C) is one of six new economic sectors where Hong Kong enjoys clear advantages. The Government is fully committed to promoting and supporting its further development, and in September 2009 we established the Hong Kong Council for Testing and Certification to advise Government on the overall development strategy and initiatives which will propel its growth.

The process of T&C permeates our everyday lives: from ascertaining the food we eat is fit for human consumption and the products we use are safe, to medical tests on which we rely for diagnosis of illnesses.

A reliable and trusted T&C industry underpins Hong Kong’s position as an international trading hub and enhances the values of businesses.

Coupled with our sound legal system and supported by our world-class infrastructure, “Tested and Certified in Hong Kong” is a symbol of quality assurance, professional integrity and high efficiency.

Hong Kong’s T&C industry is renowned for its professionalism, integrity and knowledge of the international market. With our proximity to the manufacturing base in the Mainland, and the global trend for increasing consumer awareness of the quality and safety of products, the potential for further growth is enormous. The value of T&C to the local economy increased by 13% from 2008 to 2009 despite the on-set of the financial downturn.

The Hong Kong SAR Government fully supports the development of the T&C industry and the work of the Hong Kong Council for Testing and Certification under the chairmanship of Professor Ching Pak-chung, Pro-Vice-Chancellor of the Chinese University of Hong Kong. With the concerted efforts of Government, the Council and all stakeholders, the T&C industry is set to grow in strength and importance in the years to come.

Mrs Rita Lau Ng Wai-lan, JP
Secretary for Commerce and Economic Development of the Government of the Hong Kong Special Administrative Region
Dear readers,

After centuries of Western dominance, China is once again the centre of the world's attention. Last year was marked by its emergence as the second economic power worldwide. This economic and political ascendancy comes together with new and overwhelming responsibilities that Beijing is taking very seriously as they will shape the country’s external image. That reputation has been tarnished a couple of times by scandals within its manufacturing industry. First, in 2007 when some toys produced in China had been finished with lead paint, and second in 2008 with the melamine-tainted milk powder.

Such lessons have prompted China to adopt a very strict approach to its Testing and Certification (T&C) policy, as our contributors attest in this spring issue of Hong KongEcho. To fully understand the extent of the T&C business in Hong Kong and Greater China, Professor Ching Pak-chung, Chairman of the Hong Kong Council for Testing and Certification enlightens us on the importance of this industry for the Pearl River Delta (p. 18-19), while Su Yanqing and Huang Zhen of the law firm Gide Loyrette Nouel explore and clarify the legal framework of product T&C in China (p. 22-23).

As consumer awareness and concern for environmental issues increases, there is a growing number of initiatives and claims being made relating to the environmental impact of products. Cyril de Labriolle of API laboratories clarifies the methodology and draws the line between 'Green Washing' and 'Truly Green'. Christine Loh, the well-known Hong Kong lobbyist, is opening another window on green labels by challenging the Hong Kong standards on air pollution (p. 29).

Sourcing and certifying your products in China might sound like a challenge, but Brian Whiters from Bureau Veritas helps by sharing his best tips on how to manage the supply chain from A to Z, using a Supply Chain Risk Management Approach (p. 34-35).

Still on sourcing, Christophe Liebon from Intertek brings up to date the latest developments in social compliance in China, and the benefits retailers can expect from these programs (p. 36-37). For his part, Sebastien Breteau from AsiaInspection challenges the European Frontiers which have been gradually replaced by norms’ barriers (p. 38-40).

If we are what we eat, then we'd better know what we actually are eating! Charline Yau from SGS looks into food testing in Hong Kong to help us do just that (p. 48-49). Finally, we wrap up this special feature with two articles on the luxury industry. The first is on the textile trade and looks at the challenges regarding the various norms when importing in China (p. 45). The second looks at jewel testing, and the expertise being developed in Hong Kong (p. 42-44).

This issue of HK Echo highlights the importance of the T&C sector for China and Hong Kong. Without tested and certified goods, Western countries will not import products sourced in the region. That is why the Hong Kong Government’s support for its testing and certification industry is fundamental for the region’s future as a main and reliable centre of production and export.

Christophe Degois
President of the Sourcing Committee of the French Chamber
and Vice President Operations, Intertek Co.LTD
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No easy Budget

Financial Secretary John Tsang presented the 2011-2012 Budget to the Legislative Council on Wednesday, February 23, 2011. The budget is strewn amid three main objectives: improve people’s livelihood, stabilise the property market, and combat inflation.

- The Financial Secretary forecasts Hong Kong’s GDP growth to be 4.5% for the year 2011.
- On the downside, Tsang forecasts that the inflation rate for 2011 will average 4.5%, almost double last year’s rate. The challenges in the coming year will arise mainly from the risk of asset-price bubble and inflation.

HK overtakes London as most expensive office site

A study has found that Hong Kong became the world’s most expensive place to rent office space last year, despite Government efforts to cool the surging property market and avoid a bubble. The average price of office property per square foot in Hong Kong rose by almost a third from a year earlier to $72,300, surpassing the 2009 level, London’s West End, the DTZ report said. The survey compared office rents in 121 business districts across 47 territories around the globe.

Jobless rate hits two-year low

Hong Kong’s unemployment rate has fallen to 3.8%, its lowest in more than two years, as the city’s red-hot economy continues to power ahead. According to a Census and Statistics Department report in February, the unemployment rate for the November-December period was down from 4% in the October-December period, and marked Hong Kong’s lowest jobless rate since late 2008. Hong Kong’s unemployment peaked at 5.9% in mid-2009 as it was pummeled by the global financial crisis, but the territory’s export-oriented economy has since posted a strong recovery.

China: biggest luxury goods market by 2020

China will be the world’s biggest luxury goods market by 2020 as its economy booms and an emerging middle class spends a growing chunk of their cash on high-end items. Over the next decade, Chinese consumers, including a swelling number of billionaires, will account for 44% of global spending on goods such as bags, vehicles, watches, shoes and clothes, the report by brokerage CLSA said.

The nation’s luxury goods sector was worth about $23 billion in 2009, or about 10% of the world market, including purchases by consumers in Hong Kong, Macau and Taiwan. Travel spending could boost that figure as high as 13% of the current world market. The country was “well on track” to surpass Japan within three years, CLSA added. The report was based on a survey of 340 consumers and 31 luxury store managers in cities across China. Consultancy PricewaterhouseCoopers has already predicted that China will be the world’s top buyer of luxury goods by 2015, even sooner than CLSA’s forecast.

City Pulse

Veronica Chan, General Manager of the Club Medimann (Club Med) Hong Kong, shares with us her favourite venues in the City.

Best shopping?

For clothes, I shop at Pacific Place, Festival Walk or The Landmark. For grocery shopping, for veggies, and especially for seafood, I go to the Wet Market in Central, where the seafood is alive, and really fresh! But if I don’t want to cook, I go to Sai Kung to eat at Chung Kee restaurant. They have the best seafood in Hong Kong!

Cheap eat?

Wonton noodle shop in Central. I love Wonton noodle.

Store like it hot?

With both Man Nin’s Chinese restaurant at City Hall where they have traditional dim sum served on a trolley and the restaurant has natural daylight. Exceho Hotel’s Chinese Restaurant in Causeway Bay is also another favourite dinner place for me. It is spacious, a rainy in crowded Hong Kong.

Drinks with a view?

I don’t really choose the venues in terms of the view, it has to do with the company I’m with. But if I had to go for a view, I would choose Cafe Deco on the Peak, where you have a gorgeous view over Hong Kong. If you want another vantage point, I would say the Star of Hong Kong’s sky lounge at TST.

Ultimate way to spend a Sunday afternoon?

Enjoy reading and relaxing at home. Hong Kong is so busy that when I relax, I look for a quiet place, which is somehow difficult to find outside your home in Hong Kong.

Best Hong Kong singer?

Jacky Cheung, even if he is half retired.
The Feng Shui Index: Watch the Metal Rabbit bounce

CLSA Asia-Pacific Markets has released its 17th Feng Shui Index, a tongue-in-cheek look at what 2011 holds for equities, commodities, property and celebrities, as well as for the individual zodiac signs.

The Year of the Metal Rabbit promises plenty of luck and material gain for investors, with many signs favouring the accumulation of indirect wealth. But, with a combination of last year’s conflict between heavenly metal and earthly wood (tough, get set for more volatility (though less than we had with the Golden Tiger)).

Regarding the market, at first, the Rabbit will be reluctant to emerge from its hole for fear that the tiger is still lurking, until it finds its feet in April, a great mouth for those with stamina as wealth will come from the West. May begins with one of the year’s four most auspicious dates (14 May), but CLSA expects a tumble in June, providing a great buying opportunity for the savvy. Investors may want to rethink their summer-vacation plans as markets will rise sharply over July and August. Money will flow.

With Fall comes a fall, the Feng Shui Index predicts a sharp decline in September – but not for long. October marks a sustained market rally with money flowing abundantly through the end of November. However, investors should remain focused as markets decline during December. Come January 2012, the Boosy bounces back to close the year on a high.

Burrowing into the sectors

Sector-focused investors should pay attention to the five elements: metal is lux, water is bubbly, fire is on fire, wood would if it could and earth is sodden. So where to invest? It will be a great year for Financiers, Gaming, Gold and Resources and Transport. It will be a good year for Oil and Gas, Technology, Telecommunications, Insurance and Utilities, but an unmitting time for the earth-related Property sector.

Best and worst dates

This year’s most auspicious dates are 34 May, 4 August, 15 November and 16 January, while the least auspicious are 16 June, 22 June, 15 September and 13 December.
Cosmetics industry encounters “One Country Two Systems” problem in China

“One Country, Two Systems” was a slogan coined to demonstrate the pragmatism of the Chinese government in allowing a liberal and “business friendly” regime to continue to operate in Hong Kong after it became Chinese soil. Bruno Leraille, CEO of Innoledge International Ltd, explains how the same slogan applies to the cosmetics industry.

The famous “One Country, Two Systems” slogan can be used to describe the rules that apply to cosmetics industry in China where imported cosmetics are subjected to much stricter regulations than those manufactured in China.

The main difference is that for imported products, each reference number from a range of cosmetics must be registered with the national office of the State Food and Drug Administration (SFDA) in Beijing. THE SFDA keeps a file of each reference number containing the item’s formula translated into the Chinese-language, the specifications of each ingredient, the manufacturing process, the search for banned substances and the potential hazard of each ingredient. This “potential hazard” requirement has only been added recently, and it is difficult to know what exactly the SFDA demands to know. It is a request that is unique to China.

Japan, long considered the most demanding country for registration, has solved the problem by publishing a positive list of acceptable ingredients (which includes the products used in the vast majority of cosmetics), reducing the length of registration to three weeks as opposed to the months it used to take.

In China, in addition to the SFDA’s records, you must also add local tests to verify the quality, pH, microbiology, stability ranging from -5 to 40°C and search for prohibited substances.

If the product claims to have “special” benefits – for example anti-wrinkle or anti-blemish – tests must be repeated in China on Chinese subjects.

After satisfying these requirements, each accepted reference number receives a registration number valid for four years. If during the validity of the registration, the manufacturer decides for marketing reasons to amend the text on the packaging without changing the formula, the SFDA requires a new application folder as if it were a new benchmark.

On the other hand, cosmetics manufactured in China are only submitted to a declaration made at the local office of the SFDA in the city where the plant is located. The documentation is very limited and local tests (pH, microbiology, stability at -5 and 40°C and search for banned substances) are identical to those for imported products. The big difference between imported and locally manufactured is the registration number, which is required for each reference for all imported products, while all local products manufactured in the same factory use the registration number of the plant. In other words, a plant with a registration number can put on the market as many references as it wants, but still only has to carry out the quality tests indicated above. It is in this way that there are indeed two different systems for the authorization of cosmetics in Mainland China.

In addition to these registration procedures, you also still have to get approval for the texts on the packaging. The criteria are similar for both Chinese and imported products, but obviously the text on imported products is often in a foreign language and the Chinese translation can be controversial.

Finally, imported products are inspected by customs which may request information to justify certain terms on the packaging. This customs control is another barrier that local products do not encounter.

If the concept of “One Country, Two Systems” is conducive to Hong Kong and China, its application to the cosmetics industry is largely favourable to the Chinese industry, which provides half the market share, estimated at over 20 billion euros. The major joint-venture brands provide an additional third of the market, while the imported products have less than 20% of market share.
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Special Report

TESTING & CERTIFICATION IN GREATER CHINA
Tested in Hong Kong, Certified in Hong Kong

Two years ago, the Government set up a council to support the growth of Hong Kong’s testing and certification industry. Now that council seeks to make Hong Kong a hub for the industry.

Professor Ching Pak-chung, Chairman of the Hong Kong Council for Testing & Certification offers us an overview of the sector.

To help promote the development of the testing and certification industry, the Government established in September 2009 the Hong Kong Council for Testing and Certification (HKCCTC). This advisory body is now working closely with the Government on the implementation of a three-year market-oriented development plan for the industry, which adopts a dual approach of enhancing competitiveness on the one hand and focusing effort on specific trades on the other. Further, HKCCTC is helping the industry to step up promotion of its services in the overseas and Mainland markets.

Enhancing the Industry’s Competitiveness

To enhance the competitiveness of Hong Kong’s testing and certification industry, HKCCTC and the Government are working to improve Hong Kong’s accreditation service and factor of production.

Having a robust accreditation system is the cornerstone of Hong Kong’s testing and certification industry, as many regulatory bodies, buyers and retailers will only use services from accredited testing laboratories, inspection bodies and certification bodies to ensure the quality of testing/inspection/certification results.

In Hong Kong, accreditation service is provided by the Government through the Hong Kong Accreditation Service (HKAS), under the Innovation and Technology Commission. HKAS conducts rigorous assessments and surveillance using competent and knowledgeable technical assessors based on international standards. Through active participation in international organizations for accreditations, HKAS has elevated mutual recognition arrangements with more than 75 accreditation bodies in about 60 economies, including all of Hong Kong’s major trading partners.

Many initiatives have been taken to enhance the various factors of production in Hong Kong. For example, when it comes to manpower, it is important to assist the industry in attracting talents from the nearly 10,000 students who graduate each year in the science, applied science and engineering disciplines. Hence, HKCCTC has been cooperating with universities, the Vocational Training Council and the industry to organize career talks and to promote more internship opportunities for students to raise their awareness and understanding of the industry.

In the technology aspect, the Government is encouraging the industry to make wider use of various funding schemes under the Innovation and Technology Fund to conduct research and development to enhance the technical capability of the industry. The Hong Kong Productivity Council and the Science Park also offer testing facilities for shared use, which is particularly useful for SMEs in the industry.

Exploring Opportunities for Specific Trades

Over 85% of the testing businesses in Hong Kong is related to testing of textiles and garments, toys, electrical products and medical items.

Development of testing in these trades is more mature and the markets have been generally well explored. To maximize the effect of efforts it is putting in to promote testing and certification services on specific trades, HKCCTC is identifying new trades where there is strong potential demand for testing and certification services as well as the possibility for creating synergy and benefiting the identified trades.

An example where synergy can be created is the jewellery sector. There was a time that consumers were wary about purchasing of jadeite jade – jewellery that is popular in the Chinese community – due to the lack of commonly accepted specifications on product quality and procedures on testing. To strengthen consumer confidence and enhance the credibility of the local gemstone testing sector, the jewellery trade developed the “Standard Methods for Testing Pi Cui (Jadeite Jade) for Hong Kong” in 2004 with funding support from the Government. HKAS introduced an accreditation scheme for laboratories providing testing for jadeite jade in 2005 to devamalize the initiative from the trade. Business in jadeite jade has improved since then as consumer confidence has been restored.

In addition to the jewellery trade, HKCCTC has also identified Chinese medicine, construction materials and food as trades with good opportunities for using testing and certification services to create synergy for mutual development.

Promotion in Overseas and Mainland Markets

The HKCCTC is assisting the testing and certification industry to step up the promotion of its services by reinforcing the branding of “Tested in Hong Kong, Certified in Hong Kong” both within and outside Hong Kong. With regard to access to the Mainland market, the Government has taken steps to implement Supplement VII to the Mainland and Hong Kong Closer Economic Partnership Agreement (CEPA).

Starting this year, qualified testing laboratories in Hong Kong can for the first time undertake testing for the China Compulsory Certification (CCC) System on a pilot basis for four types of products processed in Hong Kong (i.e., toys, circuit installations, information technology equipment and lighting apparatus). This initiative will help create business opportunities for local laboratories, and facilitate access to the Mainland market for products processed in Hong Kong.

Current Situation

Hong Kong has a well-established testing and certification industry. As at the end of 2009, there were about 600 establishments in this industry, including 570 private independent companies, 70 in-house testing laboratories in major manufacturers and exporters, and 50 testing laboratories in Government departments and public organizations. Together, they employed about 15,000 people, of whom about 60% were professionals and associate professionals. In 2009, the total business receipts of the private establishments in the industry were about HK$8 billion. After deducting the value of goods and services used in production, the direct contribution to GDP by these establishments amounted to HK$4 billion, illustrating that this is a high-value-added industry.

With a solid foundation and strong support from the Government, and by working closely with the testing and certification industry and other stakeholders, HKCCTC believes that it can realize its vision for Hong Kong to develop into a regional hub for testing and certification.
Ins and Outs of Testing and Certification

Do you have trouble understanding the difference between testing, certification and inspection? To shed some light on the core components of the industry, Hong Kong Echo met Andrew Davis, Associate Director-General, InvestHK and Philip Kung, Head of Business and Professional Services, InvestHK.

InvestHK's objective is to help businesses in Testing & Certification to settle in Hong Kong. Is that right?

Andrew Davis: We help businesses in eight different sectors. Our sole objective is to help companies establish a base in Hong Kong, and to keep them here.

Philip Kung: The testing and certification industry is about confidence in a professional assessment or judgement that the manufacturers have respected the standards required for the product. It is providing a very objective view. When an object obtains a certificate, usually it is for the purpose of exporting to a jurisdiction where certain standards are required.

In Hong Kong, it is not mandatory for certifying companies to obtain the accreditation status. It is basically their own choice to register to obtain the accreditation status with the Hong Kong Accreditation Service (HKAS) under the Innovation and Technology Commission (ITC). Right now, Hong Kong has 172 accredited bodies or companies with this status. Out of those, there are also 12 accredited certification service providers.

AD: As an example, one of our clients is accredited to test and check electronic gaming machines in Macau. Within the broad sphere, there is a very niche business – there are only three companies in the world which are accredited to check gaming machines. All three originally started in Australia, where there is a history of pools or gaming machines. As a result, the Australians have a very strong regulatory framework, and that drove the creation of an industry.

What about quality control?

PK: Basically, quality control is not part of the testing & certifications. Quality control involves checking the quality of a finished product in accordance with importers or buyers' requirements. Quality control is, for example, the measurement of a specific colour for a product to see that it matches exactly the client's specifications.

This could happen in conjunction with the inspection process.

AD: Quality control is part of the manufacturing process rather than an external test, inspection or certification.

AD: Depending on where you export your manufactured products to, diverse standards will apply. The buyer specifications must match the import country regulations.

PK: If a manufacturer produces goods in accordance with the quality requirements of the buyer, but if the latter is ignorant of specifications required by the EU, it is not the manufacturer's fault.

What is the added-value of Hong Kong in that field?

PK: The demand for services in testing or certification is pretty much market driven. The reason that manufacturers, buyers or exporters are keen to produce valid certificates is that it is physical evidence to the authority concerned that required standards have been met. That is why the EU or the US will only trust a third party accredited party of certification issuers. It is where corporate governance and integrity kick in because it would be very easy to cheat if you did not exercise stringent corporate governance.

AD: Because Hong Kong has the rule of law and arbitration, these rules and regulations are very open and clear. Protection of intellectual property is very important. And you have to remember that a lot of the factories in the Pearl River Delta are run by Hong Kong companies, so they are based here and entrust the Hong Kong legal system, a system that protects our companies across the border.

Is the testing & certification industry's success in Hong Kong driven by Mainland China?

AD: We are definitely close to the Chinese market. Customers feel confident in the T&C services offered by organisations based in Hong Kong. Also, the quality of the QA engineers and people employed in Hong Kong is very high and they have a good level of integrity.

PK: People doing business in the Mainland come to Hong Kong because of the city's expertise in international trade and because of the expertise of its people.

How many people does the sector employ?

PK: According to 2009 figures, about 16,000 people are directly engaged in this field in both the private (which accounts for 12,000) and public sectors, out of a workforce of 3.6 million. So 0.5% of the Hong Kong workforce is engaged in this discipline.

What are the prospects for the sector?

PK: There are many different stages of processes in this type of industry, and Hong Kong tends to retain those who offer the high-end of the supply chain. In other words, the basic testing will be done close to the production sites, whereas the high-tech testing will be done in Hong Kong. Here it is very much looking at complicated specifications.

Is there a threat that Mainland companies may take over part of HK's business?

PK: I have been involved in promoting Hong Kong's service sector over the last decade, and it's important to remember that in any service industry, people are the crucial element – human capital. As long as Hong Kong retains integrity, the rule of law and a pro-business government, it is going to be really challenging for the Mainland to catch up, because this sort of experience does not develop overnight.

Definition:

• Testing is the determination of one or more characteristics of an object according to a procedure such as food testing and hair testing.

• Inspection is the examination of a product design, product, process or installation and determination of its conformity to specific or general requirements or the basis of professional judgment such as inspection of a batch of products to satisfy buyer's specification before export.

• Certification is a third-party attestation related to products, processes, systems and persons such as certification of a particular product to meet international standards.
Testing & Certification in Greater China

Have Your Products Tested and Certified in China for the European marketplace

Huang Zhen and Su Yanqing of Gide Loyrette Nouel introduce the legal framework of product testing and certification in China.

European purchasers and consumers are increasingly concerned about the quality of products exported from China. To meet these expectations of receiving safe, sanitary, healthy, environmentally-friendly and non-harmful products, and to lessen the non-tariff and even in the exportation process, it is crucial for exporters and manufacturers in China to understand the PRC’s legal framework for product testing/inspection and certification. This framework plays a significant role in controlling product conditions.

Over the past few decades, China has established a package of vigorous laws and regulations to supervise product testing and certification. These include: the Administrative Measures for Import and Export Commodity Inspection (2002); Regulations for Implementation of the Law on Import and Export Commodity Inspection (2005); Regulations for the Administration of Product Quality Certification (2001); Administrative Measures for Promotion of Green Product Certification (2008); Measures on Administration of Import and Export Commodities Survey and Inspection (2002); Measures on Import and Export Quality Management (2003); Regulations for Import and Export Downstream Commodities Survey and Inspection (2004); and Measures on Import and Export Commodity Testing (2005).

Product Certification and Authority to Conduct Inspection

Inspection is mandatory when the relevant commodities are listed in the Catalogue of Entry into China Commodities Subject to Inspection and Quarantine by the General Administration of Quality Supervision, Inspection and Quarantine (1993). Only the local commodity inspection authorities (as specified in the Catalogue) have inspection rights. CQA, the local commodity inspection authorities, are responsible for conducting inspection within their respective jurisdictions.

When a manufacturer exports goods that are subject to inspection, or its (or its shipping agent) shall apply for commodity inspection with Local Commodity Inspection Authorities before declaring the customs clearance. If the manufacturer’s goods do not undergo inspection or fail the testing, those goods will be prohibited from exportation. Should any manufacturer take the risk of exporting goods that have failed or have not gone through the testing, any subsequent losses thereof shall be the manufacturer’s and a fine shall be imposed. Additionally, the manufacturer shall assume criminal liability if the offence reaches the threshold for prosecution.

Product Certification and Its Advantages

Though inspection efficiently controls product quality, it also consumes both time and energy especially when an inspection is required each time a manufacturer exports goods from China. However, European buyers require certainty that products sourced from China are safe, non-defective and conform with the European standards. The product certification system can be seen as being a result, and has been proven to help ensure safe, healthy products and facilitate international trade.

Certification on import and export commodities (Certification) covers safety, hygiene and quality aspects. In particular, the term “product quality certification” is legally defined to be an activity of a certification body, on the basis of product standards and relevant technical requirements and through its confirmation and issuance of a certificate of certification and a certification mark, as evidence that a product is in conformity with relevant standards and requirements.

AQSIO and the Local Commodity Inspection Authorities are responsible for the administrative work of Certification, while their accredited testing and certification centers conduct the execution of the Certification. Certification can be revoked and the manufacturer has the legal obligation to guarantee its repayment and refund. The manufacturer could be liable for compensation in the event the goods have losses and damages. As a result, manufacturers should always properly maintain product conditions within applicable standards and requirements to ensure a good position in the international marketplace.

The inspection and certification system in China may provide certain guarantees regarding the quality of manufactured goods, however practices indicate that an inspection and certification provided by international inspection organizations would be an additional means to ensure consumers that a product is of reliable quality.
HK Construction Industry moving towards EU standards

By Ivan Wong, Senior Manager, Construction Industry Council (CIC)

Hong Kong has made extensive use of British Standards as design standards and codes in the structural design of infrastructures. The relevant British Standards to which Hong Kong structural design refers or makes reference have been phased out since March 2010. Indeed, Hong Kong has taken such change as an opportunity to explore Eurocodes and the United Kingdom’s National Annexes (UK NA) and access outside expertise and to market both in respect of material supply and project opportunities. As we are aware, most local stakeholders believe that spending effort to develop and maintain our own codes for local use may not be a wise option.

Eurocodes, being an advanced and comprehensive suite of design standards, ease the way for a transition from British Standards and are rational choices for Hong Kong’s construction industry. Hong Kong is moving towards Eurocodes and UK NA for structural design of infrastructure. During this transition stage, we foresee that there will be ample opportunities for the European Union and Hong Kong to share experiences and increase collaboration.

In respect of construction materials, the Hong Kong community shares the view of all responsible global citizens in recognising that reducing greenhouse gas emissions is a solution to combating climate change. In the local construction industry, though more environmentally-friendly materials are coming onto the market, green construction product certification has yet to be developed and implemented. The CIC has taken initiatives here and recently commissioned the University of Hong Kong to establish a Hong Kong based carbon labelling framework for construction materials. During the course of study, reference will be made to the international standards and relevant implementation experiences of the leading countries, and European Union norms will definitely be one of the areas we wish to explore.

Through exchanges and partnering with organisations in other countries, the CIC is striving to bring new experiences and development opportunities to Hong Kong. The main functions of the CIC are to forge consensus on long-term strategic issues, convey the industry’s needs and aspirations to the Government, provide training for construction workforces, and serve as a communication channel for the Government to solicit advice on all construction-related matters.

CMA CGM goes green
By Ludovic Regan, CMA CGM Asia Regional Office

CMA CGM’s commitment to sustainable development and respect for nature relies on numerous environmental initiatives. A leading shipping company, CMA CGM’s approach seeks to minimize the impact of its activities on the environment while contributing to the development of alternative transportation modes. Protecting the marine environment, fighting climate change, offering eco-solutions and services and developing an environmentally-aware culture are major challenges that CMA CGM seeks to fulfill.

The Vessel There is a concentration of environmentally-friendly technologies and innovations: the world’s first container ship to be equipped with the state-of-the-art “Fast Oil Recovery System” designed to prevent marine pollution. 30 vessels have been equipped so far with this technology.

Developing eco-containers Over a number of years, innovative and eco-friendly containers – made from bamboo – have been featuring in the Group’s container fleet. As the leader in eco-containers with bamboo flooring, CMA CGM is also the pioneer in developing the new generation light steel containers.

CO2 Emission In line with its environmental policy, the CMA CGM Group has made climate change one of its main concerns. In the last five years, the Group has taken numerous measures which have enabled it to reduce CO2 emissions from its fleet (both owned and chartered) by 35%. This is an early positive result for the Group, which is fully committed to continuing with its environmental strategy. Our target is to reach a 30% improvement of our carbon efficiency in 2012 vs 2005.
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Green certification: Green-washing or truly green?

Forward-thinking manufacturers are putting environmental labels on their products, but unless a global standard for such labelling is introduced, consumers may be left confused and suspicious.

Cyrille de Labroille of Asia Pacific Inspection tells me more.

A consumer awareness and concern for environmental issues increases, there are a growing number of initiatives and claims being made relating to the environmental impact of products. Given the great variety of environmental labels and declarations that exist, consumers can find the information confusing, especially when it is oversimplified, scientifically unreliable or based on inconsistent methodologies.

The effect can be to undermine consumer trust, lead to accusations of "greenwashing", and even hinder the way in which real environmental improvement. Hence, it is essential to preserve the credibility of environmental labels and declarations in order to guide consumers and to encourage manufacturers to design environmentally-friendly products.

Certification according to a robust standard is an interesting option that can be used to build this credibility. However, the road to credible certification and avoiding the pitfalls of green-washing is not always simple, as shown in the development of product carbon footprint labels.

Definition of a product carbon footprint label

A product carbon footprint measures the total greenhouse gas emissions generated over the product’s life cycle, from the extraction of raw materials and manufacturing right through to its use and end of life. It includes both emissions generated directly, such as carbon emissions from truck exhaust during transportation, and emissions generated indirectly, such as consumption of purchased electricity during manufacturing.

The brand Walkers claims that 80g of CO2 is required to produce a bag of crisps, of which:

• 30% comes from the raw materials (potatoes, sunflowers and seasoning)
• 17% comes from the manufacturer (producing crisp from potatoes)
• 6% comes from the transport
• 17% comes from the distribution
• 5% comes from the disposal of the empty packs.

Profusion of labels

Pioneers like Walkers started to report product emission, footprint as early as 2007. Since then, many brands, retailers and importers have followed the trend and are communicating to consumers the carbon footprint of their products and committing themselves to reductions.

Building credible accounting of carbon emissions

2007 saw the first credible methodology for carbon footprinting that would be widely accepted is not an easy task given the variety of products available today. The organisations developing these standards had to make some compromises during the development process to preserve this goal.

One important choice in defining the standard's goal was not to allow it to be used for carbon footprint offset or for comparison of products. At the same time, it was recognised that comparisons will be inevitable and a recommendation was made to develop product category rules. Stiffen but practical requirements on quality assurance on the claims made in labelling have also been developed.

Implication for manufacturers and trade

Harmonisation in standards and complete of product category rules will generate an increasing incentive for manufacturers to design environmentally-friendly products and seek certification that is valid in all destination countries.

Already some local initiatives are showing the way. The Low Carbon Manufacturing Program, for instance, run by the WWF in partnership with the Hong Kong Productivity Council, awards manufacturers engaged in reduction of energy and carbon footprint, according to industry best practices, the chance to receive a label.

It is likely that innovative Hong Kong importers will grasp an interesting business opportunity in carbon footprint certification that could address the needs of climate-conscious consumers and ultimately truly address climate change.

School’s carbon footprint assessed

The company EcoScale Ltd, which specializes in environmental consulting and carbon audits, conducted the review of Viersen Segelruh French International School (FIS) in April 2009. The assessment covered the previous school year. Caroline Tournel, accredited carbon auditor for ADEME and ISO 14064 did the emissions’ calculations, both direct and indirect, caused by the usual activity of the institution.

The review focused on the burden of the FIS’s global emissions, as well as those of more specific activities such as cooking for the canteen, the daily trips made by the staff and students to go to school, etc. It analysed the energy expenditure over the year and gave average carbon weight per student and per meal. The review then threw up a list of categories of emissions, and came up with ways to reduce these emissions which could be implemented gradually.

The results of the review were shared with all students and teachers at FIS. Students were also given an introduction to the causes of global warming, recent developments in anthropological gas emissions and measures that can be taken to reduce emissions at an individual level.

The carbon balance approach achieved a four-fold goal: to establish a starting point for measuring the results for each specific environmental step taken by FIS; as a means of educating students and staff; to qualify for the Eco-School label; to achieve energy savings; and to distinguish itself as the first school in Hong Kong (and Asia) to undertake a carbon footprint.

* The French Chamber’s carbon footprint is at the moment being assessed by EcoScale. Once the results are known, they will be published on our website, and in Hong Kong Echo.
Why Government just can’t see through the smog

Hong Kong’s haze might one day become as famous as the city’s skyline. Like many other countries, Hong Kong has adopted standards which provide a statutory framework to curb air pollution – the Air Pollution Control Ordinance (APCO) establishes Air Quality Objectives and stipulates anti-pollution requirements for air pollution sources. However, even though the APCO has been amended several times, critics judge its standards insufficient. A leading voice in the fight for clean air is Christine Loh, CEO of the Civic Exchange, a Hong Kong public policy think tank.

Hong Kong Echo: You believe the ineffectiveness of the Air Quality Objectives stems from the law itself – is that right?

Christine Loh: There are two things to note that give you a sense of why it is where it is. The first thing is the law, where the protection of public health as a main goal is not very clearly stated. Because health is not the main focus, the long-term impact is that the decision-makers do not feel they need to concentrate on health. The second thing is the AQOs (Air Quality Objectives), which were put together in Hong Kong in 1997. Since then other countries have tightened air quality standards by a large margin, and Hong Kong has not.

Society is now becoming more aware of the impact on the environment, but the legislative changes are slow. Hong Kong does not change its legislation.

I think partly through ignorance. Visibility – a proxy for air pollution – started to get really bad in Hong Kong in the mid-1990s, but people were not yet experiencing the impact of air pollution as a daily problem. But by the early 2000s, it had become a daily problem. Today, 10 years since things got really bad, many people are saying air quality improvement is a priority. Some say the pollution is coming from China, and we cannot control it. Research disputes this idea. Pollution is bad in the PRD, but it does not mean the pollution I am breathing right here is there. On a time basis, the pollution that affects us most is Hong Kong’s own. It is from transportation, ships and power plants. The question is simple: what is the biggest health risk? It is where you live. It means that if we would clean up roadside pollution, you would directly enjoy a big health benefit.

Getting the Equation Right

Why is there a prevailing feeling that the Government is unwilling to tackle these issues?

The Government knows who the polluters are, but they are hesitant in going to stifle a financial-political deal. Usually Government officials will say we should not give money to businesses. They cannot seem to get past that, but of course they have to. The other thing is, in order to decide what your deal is, you need to know the costs and benefits. They are very good at calculating the costs but not at calculating the benefits – which are public health. The calculation of the health risks last therefore to be done.

I believe it is stubbornness on the Government’s part. They might also be saying the Rubik’s cube is too complex for the Government to solve. I believe it is stubbornness on the Government’s part. They do not see the Rubik’s cube is too complex for the Government to solve. I believe it is stubbornness on the Government’s part.

Hong Kong, 2007

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Toy industry plays by the rules

Hong Kong is a major player worldwide in the toy industry, an activity with major challenges because it concerns the safety of children. To better understand the ins and outs, Hong Kong Echo cross-interviewed two experts in toys sourcing, Antony Guinvarch, Regional Office Director of EJ Sourcing Limited, the Hong Kong subsidiary of Evell & Jeux, France, and Lionel Toucas, Managing Director of Gifi Asia Limited.

Hong Kong Echo: How come Hong Kong is referred to as the hub for toys in Asia?

Antony Guinvarch: The toy industry developed in Hong Kong in the 1960s and the city had become a major world market-player by the 1970s. When China opened its doors in the late 1970s, the manufacturers began to move their factories across the border to the Pearl River Delta. Nonetheless, Hong Kong kept its expertise and savoir-faire as a toy manufacturer, and remains the place to be for trade fairs, and to conduct effective business.

HKE: How does testing & certification in the toy industry work?

AG: In 1988, the EU established the standard for toy safety, the EN71. It lays down the safety criteria or ‘essential requirements’ toys must meet during manufacture and before being placed on the market. The EN71’s criteria focus on three main areas: mechanics, flammability, and chemistry.

Lionel Toucas: The European Commission establishes the directives, from which derive a series of ‘norms’. First and foremost the directives state that toys may be placed on the market only if they do not jeopardize the safety and/or health of users when they are used as intended or in a foreseeable way. The general principles are to avoid risks which are connected with the design, construction or composition of the toy. The directives will apply, but you will also need to refer to all norms applicable to the diverse toys’ components. For example, if the toy has batteries and painting, then you must refer not only to the norms related to electrical toys but also to the norms for the battery itself.

AG: The directives are challenging because you have to refer to various norms in order to have your toy certified with the CE marking. Further, the EN71 has been amended, and the new norms will enter into force in July this year. Under these, the manufacturers will bear more responsibilities, including the toy’s traceability and the Bill of Substance (B.O.S). The latter is a bit controversial, because some manufacturers are reluctant to unveil the exact components of their products. For example, the more innovative brands will not want to disclose the key components of their products.

HKE: Everything that touches the well-being of children is rather delicate, how do you cope with the consumers and retailers’ expectations?

LT: The trick is to remember that even though you have a product stamped with a CE marking, it still might prove to have some malfunctions later on. For instance, you might discover your rocking horse’s footrests are placed too low or too high – this sort of problem will not be exposed by applying the directives, but only by actually conducting real-life mechanical tests.

HKE: Any thoughts or feelings about Hong Kong’s future as a toy authority in the world?

AG: Hong Kong has a real knowledge of the toy market, based on its long experience and savoir-faire. The suppliers are keen to evolve and adapt to the latest norms. The business has professionalized itself over the years, placing Hong Kong on top of the shelf, and making it hard to set aside.
According to the European Union’s RAPEX (Rapid Alert System for Non-Food Consumer Products), 60% of notifications concern Chinese products. Since 2006, an EU-China cooperation system called “RAPEX-China” has enabled AQSIQ (China’s quality and safety regulatory arm) to tap RAPEX information and launch investigations. A number of Chinese exporters have been slapped with an export ban, or have been compelled to take corrective action. This is certainly a useful process. However, not all defective products are reported to RAPEX. It is estimated that 50% of Chinese products entering Europe do not conform to European legislation. What are the reasons behind this?

Consumers will not be denied their diet of cheap Chinese goods. Retailers compete with each other to provide consumers with what they want. Thus, the Chinese manufacturers are under constant pressure to cut prices in order to enlarge or simply maintain their business. Having agreed with the European buyers on prices and specifications, the manufacturers find that price pressure from above and costs rises from below are squeezing their profit margins. They then undertake to rectify this, by sourcing cheaper raw materials and by modifying the products. This is done incrementally in small, virtually invisible steps. Over time, this “quality fade” process may lead to completely different products which break European legislation.

In the absence of a “quality culture” and with a Chinese regulatory apparatus still searching its way, the phenomenon endures. The Chinese consumers are not picky. This will change as China prospers, but the road is long. Thus, the best line of defence for European buyers remains a well-planned quality assurance program, combining audits, testing and certification, as well as inspections at various stages of the production.
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Responsible Sourcing through a Supply Chain Risk Management Approach

Brian Whitten, Director, Global Line Supply Chain Solutions of Bureau Veritas Consumer Products Services, looks at challenges in global consumer products marketplace.

The risks of doing business seem to increase on a daily basis. Margins are becoming tighter, regulations continue to change and evolve. Environmental, ethical, health, safety and quality challenges abound. Consumers are growing increasingly aware of these issues and governments are starting to adopt more meaningful legislation.

A problem anywhere along the product global life cycle could easily damage the bottom line, the brand reputation, or even the entire business. An effective and efficient approach to dealing with a diverse and growing array of challenges throughout the product global life cycle and supply chains needs to be implemented.

In today’s global marketplace, retailers, manufacturers and distributors are increasingly sourcing from a worldwide chain of suppliers as they seek to compete in a highly competitive business landscape. To protect and increase their profitability, they are under pressure to become innovative, produce high quality, safe and competitive products and get these products to market at a speed as quickly as possible.

To achieve this, the entire supply chain must operate efficiently, transparently, and in compliance with the regulatory, legal and ethical demands throughout the diverse markets in which they are working. Issues around sustainability and corporate responsibilities are becoming central to achieving a compliant supply chain. Companies need to be able to systematically demonstrate that their products are manufactured to the highest ethical standards, and with a reduced impact on the environment — a subject that we will return to in this article.

There has been, and continues to be a paradigm shift in manufacturing sourcing patterns from "low-cost country sourcing", based on the supplier selection model of cost advantages, to a "best country sourcing" model based on the principles of the total cost of ownership and ultimately to a "best-value country and sourcing" model based on the total cost of ownership taking into account qualitative, quantitative and logistical aspects that drive the model to focus on the creation of added value throughout the supply chain.

A number of trends continue to evolve, retailers and manufacturers are faced with a number of imperatives that arise from their global approach to sourcing:

- How do they build transparent, efficient and flexible buying structures and processes?
- How do they deal with local and national compliance requirements?
- How do they protect their intellectual property?
- How do they gain a deep understanding of trends and issues?
- How do they avoid damage to their reputations and corporate image?

Solution - Supply Chain Risk Management Approach

An approach that attempts to directly address the previously stated issues and concerns is Supply Chain Risk Management.

Supply Chain Risk Management is the effective implementation of a process-based approach throughout the product life cycle stages and throughout the supply chain to manage and mitigate quality, safety, social, environmental, sourcing and economic risks.

When properly implemented, the return on investment can be seen through reduced rejections, cost reductions, on-time shipments/delivery and increased customer confidence.

The process may consist of:

- Risk identification;
- Risk assessment;
- Risk mitigation; and
- Governance, all built around the global supply chain.

The scope of Supply Chain Risk Management encompasses the complete gamut of supply chain risks in which international inspection and testing companies such as Bureau Veritas Consumer Products Services operate, including but not necessarily limited to quality, safety, compliance, speed to market, efficiency, security, ethical, environmental credentials and transparency.

It is vital that governance is provided throughout the global supply chain to allow every participant in the chain to satisfy all the requirements, associated with their specific risks.

By embracing Supply Chain Risk Management, the global supply chain is empowered to create more secure, efficient, and profitable businesses, and to take competitive advantages of the opportunities to exploit new markets and create new and innovative products, brought to market as quickly as possible.

An efficient Supply Chain Risk Management process should always seek to drive full service integration through risk models and frameworks by leveraging current services and enhancing all of the associated services to drive competitive differentiation through a "Risk Partnership" approach. Such an approach requires that an efficient framework is built to manage and control the exceptions of generic risk frameworks and models. This framework should then be used to manage the risk profiling, assessments and associated analytics as part of the output management process.

The individual risks can thus be defined and a set of risk action plans together with metrics associated with their control and remediation can be established.

An efficient risk management solution needs to assist the global supply chain in combining linking and sourcing outcomes throughout the product life cycle, including:

- Design Solutions: country & design evaluation, meatpackers/life cycle analysis;
- Sourcing, Social and Quality capacity and capability assessment;
- Product comparison testing and benchmarking;
- Pre-production Solutions: raw material and product test, factory assessment and social accountability audits throughout the first and second tier supply chain;
- Manufacturing Solutions: testing & inspection;
- Shipment Solutions: package testing and loading check;
- Retail and Brand Solutions: unloading check, policy setting, supply chain performance management / benchmarking, failure and root cause analysis.

An emerging risk throughout the global supply chain is the need to assess each and every environmental impact associated with all stages of a product from the cradle to the grave (i.e., from raw materials through materials processing, manufacture, distribution, use, repair and maintenance, and disposal or recycling).

This emerging risk is addressed through Life Cycle Assessments (LCAs), which can help assess the environmental impact of products and services and is increasingly being required by governments around the world. This will support the deployment of their eco-design approach.

Such an approach seems to be gaining a foothold as part of the sustainable development strategy of companies. Although, in general, it is still a voluntary approach in order to propose "Green Products", it is becoming a part of the buying decision process of international retailers, marketers and manufacturers.

Adopting an efficient approach to Supply Chain Risk Management throughout the product life cycle stages and throughout the supply chain will assist in managing and mitigating quality, safety, social, environmental, sourcing and compliance risks. When properly implemented, the return on investment can be seen through reduced rejections, reduced costs, an improvement in on-time delivery and increased customer confidence.
Social Compliance — Mitigating Reputational Risks for Brands and Retailers

Christophe Lieben, Global Director of Sustainability services for Intertek Consumer Goods, analyses the changing landscape in Vendor Social Compliance Programs and what changes companies should expect and focus on.

The business drivers to implementing a social compliance program in a supply chain are well known. It started with allegations from NGOs about global brands allegedly manufacturing their products in sweatshops in third world countries in the 90s, and this is where multinational companies began to understand the impact it could have on their brand image, their stock value and stakeholders.

Some 20 years later most of the brands and retailers have established and implemented social (and environmental) compliance programs to mitigate the working conditions in their supply chain and ensure their vendors meet their code-of-conduct principles.

The business codes of conduct related to supplier working conditions and social compliance are based on international standards such as ILO conventions, OECD guidelines and the SA8000 standards, and they usually have the following elements:

- Compliance with applicable laws, regulations and standards
- Labour and human rights
- Child labour
- Harassment & forced labour
- Freedom of association and collective bargaining
- Non-discrimination
- Working hours
- Wages & benefits
- Disciplinary practices, harassment & abuse
- Workplace health, safety and environment
- Corruption and business ethics

Not surprisingly, the main areas of non-compliance are first found in the lack of knowledge about local laws and the way it should be implemented.

Wages and benefits as well as working hours are probably the biggest areas of non-compliance when compared to local law requirements and those of the client codes of conduct that are mostly based on ILO conventions which sets a weekly 48 hours + 12 hours of overtime as a maximum limit not to be overcome.

For many years the manpower used by facilities notably in China were migrant workers who tended to work in factories for a few years, making as much as they could in a relatively short time before returning to their region of origin. This being their interest, they wanted to work as many hours as possible in the time they were there.

New issues on labour in China now are more about mining labour costs and the difficulty in finding qualified manpower.

With the proliferation of many specific codes of conduct and the lack of alignment and recognition between those codes (despite the high position of overlap among codes — generally around 85%), vendors and suppliers constantly complained about “double braking”. Some facilities could be audited more than 20 or 30 times a year, generating a lot of business disruption and leading in many cases to a pass/fail approach that spurred a common practice called “double braking”. This meant a facility would prepare different sets of information for audits and incorrectly qualify for each different client.

We are progressively moving from proprietary social compliance programs specific to each company to industry associations’ standards. These include the Business Social Compliance Initiative (BSCI) headed by the Foreign Trade Association in Brussels and mostly popular with Northern European companies; the EITI Base Code initiated in the UK, and the Social Clause Initiative from the French Retailers Federation, where retailers and brands can join the initiative and contribute as long as they implement this standard in their supply chain.

The concept of “data sharing” among brands and retailers is also popular, with different non-profit organizations like Sedex (Supplier Ethical Data Exchange) supported by UK retailers like TESCO and Marks & Spencer, or the Fair Factories Cleaninghouse in the US with members like Levi’s, Adidas, Starbucks and Walmart.

But the most promising is yet to come: the Global Social Compliance Programme (GSCP) initiated by the Consumers Goods Forum, an industry association gathering more than 650 consumer goods retailers, manufacturers and stakeholders. The GSCP has been working on a set of reference codes and tools for both social and environmental compliance management but does not intend to replace companies’ codes of conduct or “vendor’s programs”, but to work towards an equivalence process whereby each company could benchmark itself against the GSCP reference tools.

The next stage for the GSCP is to make the data sharing a reality among those giant companies who have overlapping supply chain and where a rationalized and common approach towards vendors from different brands would really impact changes in the supply chain, while at the same time facilitating the daily work of their suppliers.

The key to a successful social accountability implementation remains for global brands to be able to manage their risks in the supply chain, while having well identified their high-risk vendors and worked with them mitigate the risk. This requires long-term commitment and effort and a strong education and communication towards vendors.

The “migration” path to move the risk requires a clear strategy, supported by top management in the company. Global procurement and merchandising teams are working with vendors on a daily basis and they are the ones to enable a successful social and environmental compliance program. Educating a year by year the buyers, vendors and a clear continuous improvement strategy should progressively replace programs that work only on a Pass/Fail basis as these does not lead to a sustainable supply base.

Although the current form of the supply chain is now more about environment — and notably about energy, water, waste and greenhouse gas measurement, mitigation and disclosure — social accountability remains an important reputational risk for companies and needs be managed.

As the world’s largest assessment company in the Consumers Products sector, Intertek — a pioneer in quality and safety solutions — serves a wide range of industries around the world. From auditing and inspection, to testing, quality assurance and certification, the Intertek team is dedicated to adding value to customers’ products and processes, supporting their success in the global marketplace, thanks to its network of 26,000 people in 1,000 laboratories and offices in 100 countries.
Eight Tips for Safe Sourcing

1. Look in the Right Places

Location is everything: Southern China’s products are generally of higher quality, but more expensive to produce, while Northern China’s newer factories are known for lower-quality products produced more cheaply. Regardless of location, start your search by using trusted B2B websites such as Global Sources, Alibaba.com, and HKTDC.com to help narrow down suppliers, or better still, attend a sourcing fair and meet suppliers in person.

2. Do Your Homework

Once you have selected a potential supplier, perform a factory audit to ensure they are a real and legal factory, and can meet your specific production needs and delivery deadlines. Always over-communicate your specifications to the factory in writing, photos and drawings — especially if you don’t speak their language.

3. Request a Reference Sample

Request a reference sample of your product to be sent to you, made to your exact requirements, for your approval before you give the OK to start production.

4. Specify Clearly and in Detail

It is key that you make sure the factory understands all your requirements. It is important to give clear specifications in the form of technical drawings and photos of all aspects of your production, including all labeling, packing and quality standards of your product’s destination market.

5. Test Your Samples

A supplier is only as safe as their materials. With strict and ever-changing government regulations such as REACH, EN71 and CPSIA, it’s important to work with a third party that knows the regulations and can ensure your product complies with your markets and clients’ standards. During your IPC, have your inspector collect an actual manufactured product from your production (this is much more reliable than using an “approved sample” chosen by the factory) and send to a third-party laboratory to ensure your product conforms to your destination country’s regulations.

6. Keep an Eye on Things

Once you place your order, no matter how clear your specifications, your product quality is still at risk. An unscrupulous supplier can commit serious production errors unintentionally, or by cutting costs. Performing a production check when at least 20% of your order has been completed, or production monitoring throughout your production, allows you to react quickly to any changes or inconsistencies in production and lets your supplier know you’re working with them.

7. A Last Look

The end of a production run can be especially risky: your supplier may rush through your final units, or run out of materials and finish your order using a low-quality substitute. When 80% of your product has been completed and packed, perform a pre-shipment inspection to ensure that you don’t ship any last minute subconforming product.

8. Ship It Safely

You can’t sell damaged or missing product. As your order is being loaded for transport, perform a container loading check to ensure the damaged codes are separated, packed safely and loaded properly to transit to port.
cooperating with RAPEX (European Union rapid alert system for dangerous consumer products) through “RAPEX-CHINA”, an on-line system for regular and rapid transmission of data between the EU and China Product Safety Administration.

For Europe and the US, these measures are a way to protect consumers, and for the Chinese a way to protect their “Made in China” brand. Chinese brands like Lenovo, Haier and Galanz perfectly understand this and have raised the stakes to protect their reputation and brand. We have seen a real increase in sophistication in their products over the past five years and Galanz is now even setting the standard for microwave ovens.

That being said, these new regulations and laws are definitely challenges for importers and Chinese exporters. They are evolving quickly, and keeping track of these evolutions is a real task. To handle this job systematically, importers should be advised by and work with third-party laboratory testing services or have dedicated resources of their own.

As the ‘Eyes in the Factory’ of your Western clients, have you witnessed changes in the Chinese manufacturing sector? There has been a lot of talk about rising labour costs and production being moved to other countries ...

From our own business, we have seen “in-shoring” happening from the South to the North and from coastal areas to the inland areas of China. However, we have also noticed manufacturing moving out of the country, including an increase of 180% from Q4 2009 for ordered inspections in Bangladesh. In response to rising export prices from China, driven by escalating labour costs and an expected strengthening of the Yuan in 2011, it is clear that some importers are willing to take the risk to move to new manufacturing regions.

We did an analysis on all data collected during our social and factory audits performed in 2010, comparing the basic expenses of a typical factory in Southern China with similar plants operating in Southeast India. We found spending on salaries, benefits and rent were up to seven times more expensive in China than India. The same was true in Vietnam where apparel prices were found to be 30% cheaper, with salaries there around three-fifths of those in China. An assembly-line worker in Vietnam, for instance, earns around US$100 per month, 52% lower than in China.

With this kind of benefit, India and Vietnam will definitely attract their share of buyers. However, importing from these emerging manufacturing centres can also have its drawbacks. In India, most export manufacturing industries do not have a mature supply chain backed by a solid infrastructure. Blackouts, for instance, are common there, with outages disrupting production for up to 12 hours a day. In Vietnam, workers are said to need twice as much time to finish one task as their Chinese counterparts and delivery lead times are longer. What would normally take two months in China can extend to six months in Vietnam, and from AsiaInspection’s experience, quality is much more consistent in China. More importantly to our clients, our findings show that inspections in India and Bangladesh are 23% more likely to be failed than in China.
China Compulsory Certification (CCC) ensures product quality

By Olivier Buring

In December 2001, the State General Administration of Quality Supervision, Inspection and Quarantine of the People’s Republic of China issued the Regulations for Compulsory Product Certification. The Compulsory Product Certification System began to replace the original Quality Licence System for Commodity Inspection and Safety Certification System for Electrical Equipment.

The abbreviation of China Compulsory Product Certification is “CCC” or “3C”. It is the statutory compulsory safety certification system and the basic approach to safeguard consumer rights and interests and to protect personal and property safety, and has been adopted widely by international organizations.

The CCC System came into force on May 1, 2002, while implementing the supervision and management of the market for compulsory product certification began on August 1, 2003.

Some 135 products are subject to Compulsory Product Certification and they are divided into 20 categories, including household appliances, motor vehicles, motorcycles, safety glasses, medical devices, lighting apparatus, cables and wires, etc. The compulsory products must be approved for sale, import and use.

China Quality Certification Centre (CQC) has been established to undertake the work of compulsory product certification for 17 categories within the CCC catalogue. It is a professional independent third-party certification body under China Certification & Inspection Group (CCIG), and its core business involves CCC and voluntary certification.

CQC certifies compulsory products through same catalogue, same standards, same technical rules, same approval procedure, same marking and same cost level.

CQC has branches in each province for compulsory product certification and inspection. It has also subcontracted many test laboratories for each kind of product testing. Certification cost includes the product testing fee, factory inspection fee and certification fee.

International Compliance Management

In the current age of globalization, and with China being the “factory of the world”, manufacturers and exporters here want to have worldwide access, but have to overcome the difficulties of knowing and complying with the many regulations and standards of their export markets in order for their products to be allowed to gain entry.

It is therefore of great benefit to manufacturers and exporters, in terms of saving time and trouble, to be able to make use of an experienced compliance expert which can provide the following:

- A single interface dealing with regulators of target markets, thus allowing logistic issues for each country of destination to be resolved smoothly.
- A single test for one product or a family of models, accounting for national differences, thus reducing time-to-market and cost of multiple tests.
- Regular and timely updates of changes in the global regulatory landscape, thereby enabling manufacturers to be better prepared on issues affecting their operations.

Helene Che,
Key Account Manager, Greater China,
TÜV SÜD Hong Kong
A Testing Business

As the jewellery industry gathered for the HKTDC Hong Kong International Jewellery Show in early March, it had every reason to feel pleased with itself. The multi-billion dollar industry looks set to get even bigger. Hong Kong has more than 5,000 registered jewellery businesses, and in the first 11 months of last year, it racked up exports worth about HK$31.32 billion, a 20.9% increase, year-on-year.

Hong Kong is a traditional gem wholesaling centre, the gateway to the increasingly lucrative Chinese mainland market and a valuable consumers’ market in its own right – partly because of the number of mainland visitors who buy jewellery here.

But as the industry grows, it also faces challenges from emerging cities, notably Shanghai and Mumbai. Certifiability is key to maintaining Hong Kong’s competitiveness and strengthening that position – and the testing and certification of gems are at the heart of that. The city’s already sophisticated testing credentials got a boost last September when a testing gem-stone, the Gemological Institute of America (GIA), opened a diamond-grading laboratory here. With 34 employees, it offers the GIA’s full range of services, including diamond-grading reports, laser inscription and diamond setting.

It’s the company’s fifth lab outside its United States base and its second in Asia. In Hong Kong, the GIA has operated an educational facility since 1994. Gem-testers’ clients range from wholesalers and manufacturers to retailers and individual consumers. In Hong Kong, however, most clients are local manufacturers.

Consumer Trust

“GIA quickly experienced strong demand for its professional services when the new Hong Kong lab opened became the on-site facility reduced transit time for the local market,” says Tom Moses, GIA Senior Vice President of Lab and Research. “This demand is being driven by many factors, including the fact that the world’s leading diamond companies all have a presence in the city.”

“Hong Kong is Asia’s largest trading centre for diamonds and diamond jewellery and a gateway to the world’s fastest-growing consumer markets. The combination of explosive growth, trading intensity and proximity to China should generate strong demand for diamond-grading services in the region.”

Ephraim Zion, Managing Director of diamond and jewellery manufacturer and wholesaler Debeers, adds: “It’s a very important step by the GIA, opening a lab here. It was long overdue, but it was the right decision. It has encouraged business, stimulated demand.”

The new lab joins a range of others in the city, including one operated by the GIA’s main rival, the International Gemological Institute (IGI). Employing about 40 people, IGI’s Hong Kong offices serve as its Asia-Pacific headquarters.

“Our mission is to contribute to maintaining customer confidence in the industry,” says Marc Bernes, the IGI’s Hong Kong CEO. “Jewellers need to feel the ‘trust me’ message to consumers: we’re reliable, we’ve been there a long time.”

Impartial Testing

To preserve their reputation for impartiality, the major gem-testers aren’t involved in buying and selling stones themselves. They also change by weight rather than value, giving them the opposite of an incentive to favour their customers. They also take elaborate steps to ensure objectivity, anonymity and accuracy. These include removing all identifiers from an item’s owner; anonymously adding quality-control stones to the mix; ensuring all gem-testing and re-certiﬁcation equipment, and ensuring it’s consistent across different labs; and employing a third party to issue compliance reports.

The actual gem-testing process varies, depending on what the customer wants and what buying a lab has and handing over the item testing it to determine whether it’s neutral or has undergone damage to its appearance; grading it for colour and clarity; and measuring the weight of the cut, including its brilliance, whether it’s symmetrical and how well the stones are placed. Stones can be inscribed with a certification number, and consumers receive a detailed report, assigning them according to a number of parameters, including the well-established D-to-Z colour scale, Flawless to 14 clarity scale and Excellent to Poor cut scale.

The GIA is the leader in raw stones, particularly large ones, while IGI certiﬁes both loose stones and finished jewellery. Labs can get a sense back to the customer within the same day, and often handle hundreds of stones for a particular customer in a week. “One problem is that we’re often regarded as a service company,” says Marc Bernes, CEO, IGI Hong Kong. “But it is difﬁcult to manage service and science, they’re completely incompatible. People who submit stones only have one thing in mind: ‘when do I get my goods back?’”

The sale is only conﬁrmed and the credit runs only begin when the goods are delivered – every single day the goods are held up at the lab costs them. But when you’re grading and certifying stones, you cannot focus on speed as mistakes can be very costly indeed.”
Marc Bannister adds that the balance of the organisation’s business between raw stones and finished jewellery varies by location: in New York, 80% of its work is with jewellery, while in the IGI’s base in Antwerp, Belgium, home of the international diamond trade, 90% is with loose stones. In India, the balance is about 50-50. In Hong Kong, about two-thirds of the work is with loose stones, although Marc Bannister thinks that could change. “I’m sure finished jewellery could expand a lot,” he says.

High on Jade

Although diamonds constitute the majority of stones sent for testing, other gems, such as jade in Hong Kong, are also important. The Hong Kong Jewellery and Jade Manufacturers Association (HKJMA) has operated a lab for 10 years, employs 20 people and tests jadeite, one of the two minerals classified as jade. With auction houses among its main clients, it handles between 500 and 800 pieces a month. In its first year, it handled 50 a month. “Everyone wants to have a certificate with their purchase, especially for jade,” says Sam Gin, Vice Chairman of the HKJMA and Director of jewellery manufacturer HKJT. “There are so many treatments in the market right now, and different guides.”

It all adds up to a gem-testing sector that looks set to expand hand-in-hand with the industry it serves.

* This article was first published in the Hong Kong edition of the Hong Kong Trade, the publication of the Hong Kong Trade Development Council (HKTDC).

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**REACH Deciphered**

**By Arnaud Dyduck, Director Greater China, CTC Asia**

REACH is the European Community Regulation on chemicals and their safe use. It deals with the Registration, Evaluation, Authorisation and Restriction of Chemical substances. The law came into force on 1 June 2007. According to the EU, the aim of REACH is to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances. At the same time, REACH aims to enhance innovation and competitiveness in the EU chemicals industry. The benefits of the system will come gradually, as more and more substances are phased into REACH. Manufacturers putting goods on the European market are responsible for making sure these goods are safe and conform to EU norms. REACH’s scope is broad as it covers all substances whether manufactured, imported, used as intermediates or placed on the market.
Apparel industry seeks to standardize rules

Hong Kong plays an important role in improving the quality and safety standards of goods produced in Mainland China, in particular toys, electrical and electronic goods, textiles, garments and footwear. As an expert in the apparel industry, Andre Leroy, talks about the specific challenges he identifies in his sector.

On the one hand, we expect the requirements for quality/safety to increase as new regulations appear in many countries. In Europe for example, the list of Substance of Very High Concern will get longer over time. On the other hand, in order to reduce lead-times and, to some extent, costs testing happens closer to factories, meaning in China for Chinese factories, in Bangladesh for Bangladesh factories, etc. Testing and Certification is one of the pillars as defined by Hong Kong Government, but it primarily focuses on product categories other than apparel, for example food, Chinese medicine, etc.

Hong Kong has long been a hub for textile export, is that still the case today? How has it evolved over the last 20 years, and what is the forecast for the industry?

Our laboratory is in Lai Chi Kok, and in that area, you can see several buildings that used to be factories. Obviously many Hong Kong factories moved to South China, and now some of them have to move even further away as costs for labour and raw materials rise. At the same time, several apparel-sourcing leaders plan to source a bit less from China (although China will still be the number one source by far) and more from Bangladesh, Indonesia, Vietnam, etc. Hong Kong, as an Asia sourcing hub, will see some benefit from this.

How are European and American standards different or similar? And how do exporters sort out which norms apply to their products?

Standards are different in different countries, mainly because each national regulatory body has a mission to protect their own citizens. Very often, the need to align standards more closely is not a key element for them. Another reason is that sometimes setting up country specific requirements can be a way to protect the country’s own manufacturing base. If Product Safety regulations were based more on science, then we would have a better chance of moving to more global requirements.

Large exporters typically build up a global list of restricted substances and their limit to match whatever countries they are selling to. On one side, this makes Supply Chain easier afterwards because you can ship all products to all countries. Smaller exporters often find it difficult to track down the different regulations. They usually rely on trade associations or third party laboratories like us.

The major challenge is for manufacturers, as they tend to have many customers with very different backgrounds: American, European and, of course, some locals. As requirements are different, factories usually have in their facilities both “better” chemicals for customers who have clear expectations and “not so good” chemicals for customers who do not express their requirements or those in countries with few or no regulations. This significantly increases the risk of mistake/non-compliance.

Could you explain the initiative you are launching with various brands to ‘standardize’ the different norms from the US and EU?

A number of Brands/Retailers/Manufacturers have launched a group GAFTI (Global Apparel Footwear and Textile Initiative) to develop a more common approach to Product Safety. Currently, most of our members are American and we are looking for European members.
The most regulated wines in the world

In France, and throughout Europe, all stages of wine production are strictly controlled: vineyard treatments, authorized phytosanitary products, the keeping of detailed cellar registers, controlled fermentation, laboratory analyses and respect for appellation controlee laws guaranteeing origin and production methods. Traceability is ongoing and caregivers even after the wine is bottled. This is because security and safety are not only the concerns of the producers, but also of the importers and importers—starting from when the wine is sold, shipped and received. Obviously, authenticity and quality control checks entail extra costs, but that is a necessary part of cost-balancing. Such added expenses may be considered negative when compared to New World wines, or wines from other regions not as concerned about control procedures, but quality costs at that price!

The largest appellation controlee region in France, Bordeaux produces nearly 6 million hectoliters of wine, of which 35% is exported. In order to guarantee Bordeaux’s international image as one of the world’s leading wine regions, the local industry has raised funds to fight against counterfeiting and to adapt to standards demanded by various markets, especially Hong Kong. In conjunction with the Bordeaux Wine Council (Conseil Interprofessionnel du Vin de Bordeaux or CIVB), the Bordeaux Chamber of Commerce and Industry (CCIB), and InnoVin (responsible for introducing new technologies to the wine industry), all the major players in Bordeaux are involved in a university research, wine merchants, laboratories, customs, etc. Although counterfeit wine is not widespread, it is sufficiently present to call for the use of sophisticated means to fight against it.

Lasers and holograms

Even though fine wine is an artisanal product, state-of-the-art technologies are being applied to its packaging in order to protect the contents. Labels, codes, capsules and even bottles are now being laser-engraved, protected by holograms, or protected with ink that is impossible to forge. Certain labels have RFID (radio frequency identification) chips that, as well as their protective function, can also record provenance data, for instance, regarding transport and storage.

These smart labels also have another role. When scanned with a smartphone at the point of sale, they can inform consumers about the background and some characteristics of the wine in question (production methods, grape variety, wine and food matches, vintage evaluation, practical information about visiting the château, etc.). This enables Bordeaux to kill two birds with one stone to combine marketing efforts with authentication of each bottle.

Da vini codes... 

To complete this arsenal of protective measures, let us cite two very efficient codes:
- Bubble seals with a three-dimensional tag, developed by Plosinda, are impossible to copy. When put on bottles at the estate, they guarantee absolute authenticity.
- The Seal Vector, developed by Advanced Track and Trace, is a high-tech solution for concealing confidential information that enables authentication, thanks to a digital signature which can be transferred on virtually all materials.

Smart Bordeaux: everything you always wanted to know about Bordeaux

The CIVB has launched an application called “Smart Bordeaux”. This free tool provides information about all the wines of Bordeaux.

How does it work?

With a computer or a tablet

Access the site: www.smart-bordeaux.com and type in the name of the château or brand.

With a smartphone

Download the free “Smart Bordeaux” application from Apple Store. This will soon also be available for BlackBerry, Android, and Windows Mobile operating systems.

- Take a picture of the label, bar code, or 2D code with your mobile phone
- Type in the name of the château or brand

Detailed information, translated into 13 languages, will then be available: appellation, classifications, medals, history of the estate or brand, grape varieties, winemaking, wine and food matches, tasting notes, websites, contacts, prices, tariffs, and wine reviews. Information such as location, taxes and languages spoken.

Information of a general nature concerning the wines of Bordeaux, the region’s history, appellations, etc. can also be consulted.

Updated in real time by Bordeaux winegrowers and negotiators, this application enables consumers to access useful information at any time, and from anywhere (in restaurants, shops or at home), with a mobile phone, tablet, or computer. Above all, beyond its marketing and educational function, “Smart Bordeaux” is also a tool for tracking products, putting a hold on counterfeiting, and informing consumers of “fake Bordeaux” and misleading labels.

* French, English, German, Chinese (Simplified and Traditional), Dutch, Spanish, Italian, Russian, Arabic, Thai, Japanese, and Portuguese.
Could you explain to our readers in a few words, what is food testing?

Food safety and quality helps raise customer awareness about a product. It can give them information such as nutrition value, pathogenic risks and whether the sensory profile will meet customer satisfaction. To identify if the food is safe and/or wholesome, we rely on scientific methods to analyze its physical, chemical and microbiological aspects, so that customers have the full picture on all aspects of the food product. The process is called Food Testing.

And what is food traceability?

The food supply chain is complex. Take, for example, a beef burger bought from a chain restaurant. For accurate food traceability, we need to know what the cow was fed on (the feed); how the cow was raised (the farm); how the cow was slaughtered (slaughter house); how the carcass was transported (logistics); how the carcass was minced, mixed and transported (processing); up to the hands of the burger dealer (wholesaler), and then finally to the restaurant (retail). The chain can involve more than 10 processes, and a single failure occurring in any segment can have a detrimental effect on the safety of the finished product. Therefore, when talking about food safety, each part of the process has to contribute. Consumers need to have a more transparent and accurate picture of the whole chain in order to feel sure that the food is safe to eat. That is why food traceability is a major priority for all stakeholders in the industry.

In Hong Kong, is all the food we consume tested? What about imported food?

All kinds of food are tested. High risk food, such as seafood, meat, ready-to-eat, baby food, dairy and fresh vegetables are tested more frequently. Food testing is demanded by the food laws of all countries. Therefore, not only imported food but also exported food is tested. Imported food must meet Hong Kong’s own regulations, while food being exported must meet the laws of the countries to which it is being sent.

All foods are examined for hygiene quality, which means the consumer will do a basic test on the food. When testing for chemical contaminants, industry players will first determine what kind of risks are more likely for a specific type of food, (e.g., melamine for dairy, chloramphenicol for aquaculture, etc.) before carrying out the relevant tests.

The Hong Kong Government’s Food and Environmental Hygiene Department will also regularly take food samples from local markets to do random tests to ensure industry players are selling wholesome food to the public and that they comply with food regulations.

What are the food labelling requirements in Hong Kong? Is the law new?

The labelling law itself is not new. It requires that the label shows the brand name, country of origin, manufacturers, a “best before” date, and list the ingredients, etc. What is new is the past requiring a nutrition label for all pre-packaged food. Since July 1, 2010, the law has required that all pre-packaged food must bear a nutrition label on its packaging. It is not only the format that has to conform to certain specifications, in addition, any nutrition claims made on the label are governed by the corresponding law. The nutrition label law requires that suppliers show seven core nutrients plus the food’s energy value. The seven core nutrients include carbohydrates, proteins, sugar, fats, trans-fat, saturated fats and the sodium value.

In Hong Kong, are food containers checked for migration?

Yes, although there is no regulatory requirement stipulating that food containers have to be checked for migration. Still, many food manufacturers, when exporting food containers to Japan, the EU or the US, have to check for migration under a normal situation (high temperature aqueous solutions) or under an extreme situation (coming into contact with acid or oil with high temperature) to make sure they are durable and safe to use when used to contain different food products. This applies no matter what materials the food containers are made of (usually plastic, metallic, ceramic or paper). What are the changes/challenges in the sector?

This sector is constantly changing. With increased public awareness of food safety, we predict that more and more regulations will be introduced to safeguard public health. Some existing regulations will also be made stricter, and others will be introduced atbps level, particularly in testing technology becomes more advanced. In Hong Kong, new regulations on pesticide contaminants in fruit and vegetables will be introduced, and the Food Bill is to be revised to strengthen food traceability controls, and to require all segments related to the food trade to register with the Government. I believe consumers demand may drive both Government and the food industry to do even more to enhance food safety.

That will be a challenge — but at the same time an opportunity — for the industry. A challenge because the food industries may have to put more resources into regulatory compliance, brand protection and product risk management. And an opportunity because those who have invested properly in product quality will stand out from their competitors and can build their brand image to consumers. As food crises such as those experienced by Snow Brands or Sars have shown us in the past, other crises, such as Moni and Nestle, can win greater market share out of the controversy.
Past & Future Events

Prominent Speaker Series: Dr Christine Loh

Dr Christine Loh, CEO of the non-profit think tank Civic Exchange, spoke at a breakfast event initiated by the Women On Board Committee on 23 February at the China Club. Dr Loh is a leading voice in public policy in numerous areas, and verifies in advisory capacities for a number of international institutions. On this occasion, she shared with the audience her experiences in political life.

Double Taxation Agreement

Hong Kong signed the long-awaited double taxation agreement with France in October last year. To fully understand its objectives and consequences for French residents in Hong Kong, the French Chamber organized a breakfast meeting at the China Club on 20 January. All presentations are now available on our website for Chamber Members.

First “Women On Board” WOB Networking Cocktails

This site Women On Board cocktail party on 8 December, 2019 was a full house, with female Chamber members gathering to celebrate the launch of the WOB committee. After one year as a working group, the WOB was transitioned into a committee, the next step for any working group. Thanks to Creative’s event management.

All you ever wanted to know about RMB business in HK

For its first event ever, the Banking and Finance Committee of the French Chamber was proud to welcome three renowned speakers: Julia Leung, Under Secretary for Financial Services and the Treasury, HK Government; Eddie Ching, HSBC (CIO Financial Institutions - Asia Pacific); and Richard Boy, Chief Asia Economist, BNP Paribas. The three presentations of the event, which was held at Club Louisian, are available on the Chamber website for Members only.

Building Innovation Gathering

The Infrastructure Committee is very proud to announce the launching of its new project, BIG (Building Innovation Gathering). The general concept is to connect key companies and/ or institutions, and have a two-hour brainstorm meeting with them in the office for a product or technology presentation. Committee members will facilitate/select the companies they would like to meet, and documents introducing each member will be sent to the committee. 29 companies have been selected for the time being, and the number of sessions with each of them will depend upon the numbers of members who want to meet the selected companies. Several sessions may take place in some cases (organized by theme, if necessary). These meetings will be organized on a monthly or bi-monthly basis, depending on demand, and should be speed over the coming 18 months.
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Going Places with HKIL!

French Chamber: SME AWARDS 2011

More than 15 entrepreneurs have registered for the 2011 edition of our SME Awards, which aim to encourage the entrepreneurial spirit and development of SMEs created by French entrepreneurs in Hong Kong. The awards will be presented during the French Chamber Gala Dinner.

BlueBiz Cocktails

Around 90 people gathered at Club@38 on 24 February for our first BlueBiz Cocktails, an event co-organized by the French and Dutch Chambers. This networking event, designed especially for entrepreneurs, proved a big success. Renowned architect Florent Nédélec shared information about past experiences and future projects in Hong Kong, while Urban Discovery entertained the assembly with cool games. The French Chamber warmly thanks the event’s sponsors, Air France and KLM.

CINEMA MON AMOUR: FRENCH CHAMBER GALA DINNER 2011

Cinema Mon Amour is the glamorous theme of the French Chamber Gala Dinner 2011. It will take place in the Ballroom of the Grand Hyatt on 27 May. Guests will be treated to an exquisite dinner created by French three-star Michelin Chef, Mathieu Pavard, and by Grand Cru Wine imported specially for the occasion from France. The evening will also feature bespeaking performances by a variety of artists. As always, there will be a very generous lucky draw, of which the proceeds will be given to a local charity. Thanks to your enthusiasm, this year’s Gala was once again fully booked in less than three weeks. We warmly thank you all for your support and deeply apologize to the companies and individuals who could not book early enough.

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Disappearing Mobile Masts and Towers in Hong Kong

LightRadio - Solving Network Glitches and Universal High-Speed Coverage

Alcatel-Lucent has pioneered technology that will help remove the bottlenecks constraining mobile networks and aid delivery of universal broadband coverage in Hong Kong.

A leading research technology group, Alcatel-Lucent has joined forces with industry partners to develop LightRadio, a new system that signals the end of the mobile industry's reliance on masts and base stations in Hong Kong and around the world.

"Today's and tomorrow's demands for coverage and capacity in Hong Kong require a breakthrough in mobile communications," said Hani Talak, President, Hong Kong/Macau, Alcatel-Lucent. "LightRadio will signal the end of the base stations and the cell towers as we know it today," he added.

Governments and regulatory bodies are expected to welcome the technical development, which will help meet targets for universal broadband access by laying the foundation to address the so-called "digital divide." Other major benefits from LightRadio include:
- Shrinking the carbon footprint of mobile networks by over 50%.
- Reducing the Total-Cost-of-Ownership of mobile operators by up to 50%.
- Improving end user services by significantly increasing bandwidth per user, thanks to the deployment of small antennas everywhere.

LightRadio represents a new approach where the base station, typically located at the base of each cell site tower, is broken into its component elements and then distributed into the antenna and throughout a cloud-like network. It also shun the notion of antennas serving 3G, 4G, and LTE systems into a single powerful Dell Labs patented antenna that can be mounted on poles, sides of buildings or anywhere there is power and a broadband connection.

The innovation coincides with growing demand for third-and-fourth-generation mobile networks and devices, involving the mass adoption of wireless telecommunication services and other forms of broadband content. The total addressable market for the radio technology necessary to serve such networks and devices is expected to exceed €100bn over the next seven years.

Dragages - Hong Kong West Drainage Tunnel Breakthrough

On 17 February, Dragages held a breakthrough ceremony for the 10.5-kilometre Hong Kong West Drainage Tunnel. This project is a fine example of another technical first in Hong Kong. The two Tunnel Boring Machines (TBM) used in this project are the largest land rock double shield TBMs ever used in the SAR. They are 7.6m in diameter respectively, and are equipped with computerized guidance systems and satellite enabled systems to monitor the effect of excavation on adjacent structures.

A total of 34 segments will be placed in place to intercept water in the tunnel. The majority of underground shaft excavation is being carried out with Raise Boring Machines which minimizes the adverse impact on the environment at the surface.

In the next few months, Dragages will press ahead with the construction of almost 5km of 3m diameter shafts connected to the main tunnel. Using the traditional drill and blast technique, this is currently the largest tunneling operation in HK with over 10 fronts under excavation simultaneously.

Construction of the 2.7km deep shafts and 34 segments which was in parallel is also a significant challenge given the difficulties in accessing some of them and the proximity to residential apartments.

Upon completion of this project in 2012, the northern part of Hong Kong Island will be able to withstand rain storms generated from a 50-year return period, making our city a more appealing place to live, work and visit.

Chez Patrick Deli brings hearty French fare

At the heart of Wanchai's Star Street Precinct, Chef Patrick Deli brings together an all-day French gourmet eatery and a fine grocery comprising ingredients, premium homemade products. In a casual bistro environment, the Deli serves French country classics, inspired by the heartland of the chef. The menus are a selection of products and dishes selected or created by Head Chef Guillaume Hanté from Metz and Executive Chef Patrick Goubrier from Lyon.

The deli concept gives you the option of taking home a slice of the Chef Patrick experience. You will find a wide range of products, both homemade from our kitchen such as fair trade, smoked salmon, curry biscuit, or from small producers and family-run businesses that Patrick handpicks in France. All these are used daily in our restaurants and sold in our "takeout" Deli shop at www.chezpatrick.hk.

Chef Patrick Deli
3, Star Street, Wanchai
Tel: 2527 1400
starstreet@chezpatrick.hk
www.chezpatrick.hk

Asian market boosts Pernod Ricard sales

French wine and spirits group Pernod Ricard, the maker of Absolut vodka, Chivas Regal Scotch Whisky and Martell Cognac, announced a strong rise in half-year results 2010/11, boosted by an expanding market in Asia.

The wine and spirits group said sales rose 3.8% in the six months to the end of September as eurozone and US sales showed the sluggish growth was more apparent. China, where Pernod Ricard has a home market, grew 23% while demand in India grew by about 20%.

Asia grew overall was particularly strong with sales up to 29%. This was the second successive quarter of growth in the region, underlining the strength in emerging markets.

China is now the company's second biggest market. Its taste for Pernod Ricard's spirits are set to double that of France this year, with only the US market bigger.

A 32% leap in Martell cognac sales, driven by China, led the group's performance. Its Scotch whisky branch Chivas Regal, Ballantine's and Royal Salute also performed well in China.

Reopening of Dior Flagship Boutique at One Peking Road

French fashion house Dior had a lavish voice on 28 January, to celebrate the re-opening of its flagship store in Peking Road, in the heart of Hong Kong's Tsuen Sha Tsui district, following eight months of expansion and renovation. Designed by renowned American architect Peter Marino, who also renovated Dior's 30 Avenue Montaigne flagship store in Paris, the expansive boutique has been created to enliven the atmosphere of a luxurious contemporary apartment. All the elements of the boutique combine elegantly to showcase the exclusive world of Dior.

Christian Dior Couture

Pernod Ricard Asia

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The bookstore Parentheses offers us a preview of a selection of comics from Hong Kong, a pool of talent ready to touch our hearts with beautiful drawings and captivating stories.

UNE VIE CHINOISE : LE TEMPS DE LARGENT TOME 3 - P. OTIE ET LI KUNWU/ KANA
The last chapter of this book is inspired by John Paul Cheung's film How Great We Aim To Be. It is a portrait of some young people who live in a corner of the city of Shanghai, in the context of the Chinese economy to dominate the 21st century. How Tak Yeung is a pass by to the city of Paris, and part of a group of graphic designers and cartoonists who follow the trend of the new French comic strip. This was how Mr. Valley is his first comic book.

QU'ELLE ÉTAIT BLEUE MA VALLEE : HOK TAK YEUNG/ Actes Sud BD
The story of this book is inspired by John Paul Cheung's film How Great We Aim To Be. It is a portrait of some young people who live in a corner of the city of Shanghai, in the context of the Chinese economy to dominate the 21st century. How Tak Yeung is a pass by to the city of Paris, and part of a group of graphic designers and cartoonists who follow the trend of the new French comic strip. This was how Mr. Valley is his first comic book.

L'ENFER DE JADE : LAI TAT TAT WING/ CASTERMAN
Lai Wing Tat Tat was born in Hong Kong in 1971. Self-taught, he has always been fascinated by drawing. He tried many different jobs (from packaging designer to printer), until in 1996 he decided to devote himself to drawing comics. Tat is the author of 15 books, among them his own collection of short stories and chronicles, as well as several albums he collaborated on with screenwriters. His first book, Tat Tat's first work, was translated into French. The action takes place in Hong Kong, where a group of teenage friends race through the city, mishandled. The challenge to survive this hazardous game. Otherwise, hope that death is near.

A L'HORIZON / CHI HOI / ATRABLE
Chiho is one of the six authors of Hong Kong, and one of the artisans who has opened both his mind and heart to the world of comics, with some of the most committed and humanistic works. This is his first novel in French, has been devoted to him, on the theme of refugees and violence, in Chinese, the words are often backwards, and yet they go well with the sensitive and touching voices.

POURQUOI J'YEUX MANGER MON CHIEN / AHKO / CASTERMAN
A Chinese country boy, Alibaba arrives in Hong Kong to try and find work, but without success. He manages to survive day to day with help from a famous Chin and Fan. Then he is eventually joined by our hero, in this charming traditional Chinese cartoon. However, the story is made of dogs and men, in Hong Kong to kill a dog is a misfortune...

CHINE: REGARDS CROISES / CASTERMAN
Set in Chinese and Hong Kong streets and five French illustrators have worked on the project. This is an effort to bring together the talents of graphic novels. All 11 stories offer beautiful maps of Hong Kong, but particularly outstanding are the cartoons shoehorned into Hong Kong, Wanning's The King of Kowloon and Barfield's Living Memories.
MEMBERS CLUB 2011
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