

## LCQ10: Locally produced face masks

Following is a question by the Hon Chan Han-pan and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (January 27):

Question:

It has been reported that there are more than 200 local manufacturers producing a large quantity of face masks (masks) every day, resulting in an oversupply situation. Currently, there are about 50 million masks in the market the sale of which is sluggish. Regarding locally produced masks, will the Government inform this Council:

(1) whether it knows, in respect of the manufacturers subsidised under the Local Mask Production Subsidy Scheme, (i) the volume of masks produced by them in each of the past three months and (ii) their current stock of masks (set out by name of manufacturer in a table); whether the Government has procured masks from other local manufacturers; if so, of the details; if not, the reasons for that, and whether it will consider doing so;

(2) whether it knows the current number of local manufacturers the masks produced by which meet the requirements of the American Society for Testing and Materials F2100 Level 1 to Level 3 Standards or similar international standards, and set out, by name of manufacturer, (i) the volume of masks produced by them in each of the past three months and (ii) their current stock of masks; and

(3) whether it will consider helping the mask manufacturers mentioned in (2) to explore overseas markets, and taking this opportunity to invigorate the local manufacturing industry; if so, of the details and timetable; if not, the reasons for that?

Reply:

President,

In consultation with the Financial Services and the Treasury Bureau and the Innovation and Technology Bureau, our reply to the various parts of the question raised by the Hon Chan Han-pan is as follows:

(1) and (2) Under the Local Mask Production Subsidy Scheme (the Scheme), a subsidised production line may supply masks to the Government only after it has submitted to the Government a laboratory report from an accredited laboratory demonstrating that the masks produced comply with the American Society for Testing and Materials (ASTM) F2100 Level 1 standard or above. The 20 production lines under the Scheme have already obtained such certification, and have been supplying masks to the Government since mid-2020.

In the months of October, November and December 2020, the 20 production lines under the Scheme delivered 35 016 500, 42 129 900, and 40 308 200 masks to the Government respectively. Relevant information has been uploaded to the website of the Hong Kong Productivity Council ([u.hkpc.org/mask](http://u.hkpc.org/mask)) and will be updated monthly.

After supplying the Government with two million masks in a month, a subsidised production line may decide on the disposal arrangements for the remaining masks it produces, which may include, for example, distributing them to employees for personal use, selling or donating them to individual organisations, and selling them through the local retail market. However, under no circumstances can the masks be exported.

Currently, locally produced masks supplied to the Government Logistics Department (GLD) include those manufactured by the Correctional Services Department as well as those procured under the Scheme. Since the production lines under the Scheme have started to supply masks to the Government, the GLD has not additionally procured other regular-sized masks. Yet, the GLD awarded a contract of 1.18 million small-sized masks to a local mask manufacturer in September 2020.

(3) The Government has been actively promoting 're-industrialisation' in recent years to develop advanced manufacturing industries that are based on new technologies and smart production whilst do not require much land so as to stimulate the demand for research and development, identify new growth points for Hong Kong's economic development, create quality jobs, and raise Hong Kong's competitiveness. The Government has been fostering favourable conditions for 're-industrialisation' through the provision of infrastructural, talent, technological and financial support.

On market expansion, the Government has been assisting small and medium enterprises (SMEs) in developing markets outside Hong Kong and conducting export promotion activities through different funding schemes, including the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the SME Export Marketing Fund (EMF). The current-term Government has already made a number of enhancements to these two schemes, including substantially increasing the funding ceiling per enterprise (from \$500,000 to \$4 million for the BUD Fund; from \$200,000 to \$800,000 for the EMF), and extending the geographical coverage of the BUD Fund from the Mainland to currently 20 economies with which Hong Kong has signed Free Trade Agreements. To further support enterprises in better promoting their businesses via online channels under the pandemic, we have since April 2020 expanded the coverage of the two schemes to provide funding support for participation in virtual exhibitions organised by Government-related organisations or reputable exhibition organisers with good track records. The Government will continue to review the operation of the funding schemes, simplify application procedures and step up promotion to help enterprises make better use of Government funding schemes to explore export markets.

Through different channels, the Hong Kong Trade Development Council has

also been promoting Hong Kong's products and services of different industries, including healthcare and anti-epidemic products, in order to facilitate local businesses explore overseas markets. Amongst others, 'hktdc.com Sourcing' provides an online sourcing and communication platform for global buyers and suppliers, while 'hktdc.com Small Orders' provides users with flexibility in order quantities, thereby helps suppliers increase brand exposure and enter new markets.