

Legislative Council Panel on Commerce and Industry

**EDI Facilitation Bill
- Cargo Manifests
and Dutiable Commodities Permits**

Introduction

This paper informs Members of our plan to amend the relevant legislation to facilitate the use of Electronic Data Interchange (EDI) services for processing cargo manifests and dutiable commodities permit (DCP) applications.

Background

2. EDI is the computer-to-computer exchange of information in a standard format. The application of EDI results in improved efficiency and a significant reduction in paperwork.

3. In December 1992, the Government entered into an agreement with Tradelink Electronic Commerce Ltd. (Tradelink), requiring Tradelink to develop the computer gateway and to provide front-end processing services to facilitate the use of EDI in processing six official trade-related documents. These six documents are restrained textile export licence, trade declaration, certificate of origin, production notification, cargo manifest, and DCP.

4. EDI services for restrained textile export licence were launched in January 1997. Services for trade declarations were launched in April 1997, and those for production notification and certificate of origin in July and August 1999 respectively. EDI services for DCP and cargo manifest (excluding road-mode transportation) will be launched in the second half of 2001.

Present Requirements for Cargo Manifests Submission

5. Customs & Excise Department (C&ED), Census & Statistics

Department (C&SD) and Trade and Industry Department (TID) are involved in handling cargo manifests. Carriers are required to submit cargo manifests to different departments as set out in paragraphs 6 - 8 below.

6. The Import and Export Ordinance (Cap. 60) requires carriers, when demanded by a Customs officer of or above the rank of Inspector, to furnish to him a manifest in respect of the cargo being imported or exported in or on the vessel, aircraft or vehicle. The aim is to enable Customs officers to have immediate access to the cargo information of the vessel/aircraft/vehicle for the purpose of cargo clearance.

7. Cap. 60 and its subsidiary legislation as well as the Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations (Cap. 296 sub. leg.A) require carriers of prohibited articles or reserved commodities to submit to TID the relevant import or export licence/notification together with a copy or extract of the cargo manifests within a specified period. TID uses these manifests for licence/notification verification purposes.

8. The Import and Export (Registration) Regulations (Cap. 60 sub. leg. E) require carriers to submit cargo manifests to the Commissioner of Customs & Excise (C of C&E) within 7 days of arrival or departure of the cargo. For the purpose of compilation of trade statistics, the Commissioner for Census & Statistics is authorised by C of C&E to receive these manifests for checking against the import or export declaration lodged by traders in respect of the cargo.

Present System of Control for Dutiable Commodities

9. The Dutiable Commodities Ordinance (Cap. 109) empowers C of C&E to control the import, export, storage, manufacture and movement of dutiable commodities (DC), for the purpose of revenue protection. Any one who imports, exports, manufactures or operates a warehouse for storing DC must obtain a licence from C&ED. In addition, licensees must apply for a permit before they can remove DC for local sale, to or from a warehouse, or for export. There are three types of permit, which are collectively called DCP -

- (a) duty-paid permit : this permit allows an operator, after payment of duties, to remove DC for local sale;
- (b) removal permit : this permit allows an operator to move DC from one place to another (say, to or from a bonded warehouse) within Hong Kong but for which duties are not yet paid; and
- (c) export permit : this permit allows an operator to remove DC for which duties are not paid for export.

10. Licensees are required to apply for permits in person with supporting documents at the Permit Office of C&ED. Permits will be issued after validation of the supporting documents.

11. Cap. 109 also requires carriers to submit to C of C&E an import/export statement on the DC carried within seven days or such longer period as C of C&E may specify, after the arrival/departure of the aircraft, vessel or vehicle concerned. C&ED uses these import/export statements to cross check with the relevant DCPs for control purposes. The content of the import/export statement is similar to that of a manifest.

Proposed EDI System for Cargo Manifests and Dutiable Commodities Permit

12. In 1999, the Finance Committee of the Legislative Council approved funding of \$110 million and \$33 million respectively for the development of EDI systems for processing cargo manifests (except road vehicle cargo manifests) (EMAN) and dutiable commodities permit (EDI-DCP). The two systems are being actively developed and the launch date is expected to be June and October 2001 for EDI-DCP and EMAN respectively.

13. With the implementation of EMAN, carriers will be able to submit manifests electronically to the Government via the services of Tradelink. Carriers will not need to submit the same manifest to several departments separately. C&ED, C&SD and TID can share the manifest

information submitted electronically. In addition, there will normally be no need for carriers to submit an import/export statement in respect of DC to C of C&E (see paragraph 11 above), as the manifest information submitted electronically will be adequate for cross-checking purpose.

14. With the implementation of EDI-DCP, operators will be able to apply for DCP electronically via the services of Tradelink. Supporting documents can be faxed to C&ED. Duty may be paid by cash, cheque or electronic fund transfer.

15. The implementation of the two systems will result in savings in operating cost and improved efficiency for the business community. There will also be staff savings for the Government through streamlined procedures and elimination of certain manual processes.

EDI Facilitation Bills - Cargo Manifests and Dutiable Commodities Permit

16. We intend to introduce two Bills - one for cargo manifest and the other for DCP - to amend the relevant Ordinances and their subsidiary legislation to establish the legal basis for the use of EDI in processing the two documents. While it is our ultimate goal to process these documents solely through the use of EDI, we will adopt a phased approach to ensure a smooth migration. The Bills will therefore provide C of C&E with the power to promulgate by notice in the Gazette when EDI processing will begin, the length of the migration period (concurrent running of paper and electronic submission) and when EDI processing will be compulsory.

17. To cater for some traders who for one reason or another do not want to make electronic submission, Tradelink will provide services at their Electronic Trading Access Service centres to convert paper documents into electronic form. The DCP Bill will establish the legal basis for such an arrangement.

Consultation

18. The Government and Tradelink have been jointly consulting the

industry on the EMAN and EDI-DCP projects. The industry supports these projects.

Publicity

19. We will publicise the new EMAN and DCP-EDI services in due course. Publicity measures will include, for example, setting up Tradelink information booths at the departmental counters currently handling cargo manifests and DCPs, displaying messages at relevant websites, and sending letters to the industry and major business associations. Such measures were adopted and were effective for the launching of EDI services for other documents in the past.

Legislative Timetable

20. We intend to introduce the Bills on DCP and cargo manifest into the Legislative Council within the first quarter of 2001.

Commerce and Industry Bureau
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