

## LETTERHEAD OF THE HONG KONG SHIPPERS' COUNCIL

CB(1) 1817/00-01(01)

### Mid-stream Fee

June 21, 2001

Dear Councillors:

This statement is in response to the report of the Hong Kong Mid-stream Operators Association (HKMOA) Ltd to the Economic Services Panel Special Meeting on June 18, 2001.

2. The Hong Kong Shippers' Council would like to express its disappointment on the allegations of the HKMOA that the collection of the Mid-stream Fee by its members is in accordance with the agreement reached by the Steering Committee. I would like to refer interested Legco Councillors to the minutes of the meeting of the Steering Committee. The parties in the committee have not been able to reach an agreement.
3. Our disagreement with the HKMOA are based on the following points:
  - a. We have stressed repeatedly during the meetings that in order for shippers to support the coupon system, it is necessary to ensure that coupons are available for purchase at shipping lines' offices. Shippers should be able to purchase the coupons while they process their shipping documents. The HKMOA representatives have made this promise. The HKMOA has obviously not kept its promise or simply ignored their agreement and has since concentrated on selling the coupons at HKMOA members' gatehouses.
  - b. Under the e-payment mechanism proposed by the HKMOA, there is only one single company for the electronic payment system, and that

company is affiliated with one of the members of the HKMOA. There is also a question as to how the data will be used since the company will be able to collect confidential commercial details of the users. Moreover, the electronic system provider will be able to benefit from the database it will eventually build-up.

4. There has always been the question in our minds of the propriety of mid-stream operators directly charging the shippers. The two parties have virtually no contractual relationship. Shippers have always dealt only with shipping lines and this is a universal practise.
5. We believe the best way to solve the dispute over the mid-stream fee is to establish a Mid-stream THC (Terminal Handling Charge). We are most willing to make a presentation and explain the concept of a Mid-stream Terminal Handling Charge to the Legislative Council.
6. The HKMOA's statement says that they provide value-added services to those who pay the Fee. But we have raised the question of whether the 1) appointment service; 2) extended working hours; 3) parking spaces are actually basic services that a container terminal has to provide, and not have them classified as "value-added" in order to get extra fees for providing them. If mid-stream operators are unable to provide the proper, basic operational systems such as the above, then are they truly satisfying the working requirements of a terminal? Hong Kong is an international class port and to offer such sub-standard services lowers its quality and standards.