

The Hongkong Cotton Spinners Association

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The Hon. James Tien,

Dear Sir,

Mid-stream operators' \$40 Coupon charge

Our position is we will not pay any charge directly to Mid-stream operators. The reason is, we have paid a Terminal Handling Charge (THC), which is the highest in Asia, to the Shipping Companies. THC includes all charges of handling containers between terminals and ships. If terminals claim they are offering some better or new services, they should negotiate with Liners for an increase of fees, and not arbitrarily impose a must-pay charge on Shippers who are not their direct customers.

The proposal of buying the coupon to enter the Mid-stream terminals does not make sense. We have paid for the services of handling of containers between terminals and ships in the form of THC, how can one enjoy this service, if one is not allowed to enter the Terminal gates? This charge is not a commercial operation; it is a blackmail operation.

The root cause of all the ports' problems is the THC, which is set by cartel by Shipping Liners. This high charge is one of the reasons that Hong Kong is un-competitive. The Liners say they are charging THC according to what they are charged by the terminals for container handling. The truth is they are pocketing a large portion of this fee. What is even more unfair is: the Shippers are charged the same high THC whether the container goes through Container Terminals or the Mid-stream terminals, whereas the payments by the Liners payment to Mid-stream terminals are vastly lower than what they pay to the Container Terminals.

The problem of THC cannot be solved by a competition law. It can only be solved by introducing a unique law, which states the THC need to be regulated by the Government.

Yours Faithfully,

Alex Woo
Chairman