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CLG/04/02

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By FAX: 2869-6794

Clerk to Bills Committee
On Import and Export (Electronic Transactions) Bill 2001
Attention: Ms. Becky Yu

Dear Ms. Yu,

**Views from Carrier Liaison Group (CLG) about the Import and Export
(Electronic Transactions) Bill 2001**

We refer to the Legislative Council Brief concerning the Import and Export (Electronic Transactions) Bill 2001 (File reference: CIB/89/14/5). The Carrier Liaison Group ("CLG"), would like to present its views to the Legislative Council Members for their consideration;

The CLG

CLG members include airlines and ground handling agents with cargo operations at the Hong Kong International Airport. Its terms of reference include promoting the interests of its members and providing a continuing means of representing the collective views of all members on matters related to air cargo, mail, courier and express cargo handling.

The CLG supports the electronic collection, submission, distribution and sharing of data to improve the efficiency, quality and cost effectiveness of cargo operations. We believe that these aims are shared by Government.

Import and Export (Electronic Transactions) Bill 2001

We have three principle concerns:

1. We do not share the view that EMAN will reduce significantly the time and resources spent by the industry on submitting manifests to Government.

Today, we validate and submit the manifest details to Customs electronically through ACCS (Customs' Air Cargo Clearance Systems). This facilitates the

customs clearance prior the flight arrival. To satisfy the requirement under the current legal framework, we submit the manifest again to Customs in paper form after the flight arrival. It is a simple key-stroke since all the required data have already stored in the computer and ready to be reproduced.

For the other post flight submission to Manifesting Branch and Census and Statistics Office, we use the same database to reproduce the paper manifest after adding the other data, primarily the import licence and permit numbers.

In short, we have been EDI ready for a long time. Before EMAN, we reproduce the paper manifest to suit the Government's needs. After EMAN, we replace it by building an electronic link to transfer the data. There is no significant saving on our side since the process has no material change. In our opinion, there is huge saving at the receiving end, that is, the Government agencies who are not required to re-key the manifest data.

2. We do not favour a franchise service provider. Tradelink is not cost effective and there is no reason to believe that Tradelink or any subsequent franchise provider after 2003 would be cost effective. In our opinion, it is more cost effective to allow the industry to develop their own solution to meet the Government's specifications and requirements.

Informatively, today's cost to the industry is HK\$ 7.00 per submission. After EMAN, the cost to the industry is four times higher than the current cost. The key components of the future cost include Tradelink's fee and expenses associated to the electronic link. In today's business environment, we cannot afford to spend four times more than our current cost.

3. Uncertainty over some of the contents of the proposed Ordinance and the need for clarification.

We understand that the interface between airlines and ACCS will remain the same after the implementation of EMAN. However, this is not mentioned in the Brief. We believe that this is likely to cause confusion in the industry and that notes could be included in the proposed legislation to clarify this aspect.

It is unclear for what purpose Customs needs to receive an electronic cargo manifest under the proposed EMAN system. On the other hand, it is clear for what purpose Customs needs to see the cargo manifest through the ACCS system. This is to facilitate cargo clearance. If the "purpose" for Customs receiving electronic cargo manifests under the EMAN system is the same as under the ACCS system, then unnecessary duplication would appear to arise.

Airlines currently provide hard copies of cargo manifests to Customs after clearance. Under paragraph 14 of the Brief, it is stated that it is proposed to

reflect in the law the current practice whereby carriers deliver a copy of every cargo manifest to the Director of TID.

It is unclear what is meant by a copy (hard copy of original, electronic copy?). We would prefer to use electronic copies.

Also, there is no guidance on how long carriers are expected to keep copies of electronic records.

With reference to Clause 15 of the Brief, it would be helpful if guidance would be given on what transitional period is being considered in terms of the submission of cargo manifests in paper form or by use of an electronic service.

We thank Legislative Council Members for their kind consideration of the above and we would be grateful if you would keep us informed of developments, including stages in the passage of the Bill. In the event that Members would like to discuss these issues further with us, please do not hesitate to contact us.

Yours truly,

Albert Lo
CLG Chairman

c.c.	Mr. Robert Culter	Chairman, BAR
	Mr. K. K. Leung	Chairman, Cargo Sub Committee, BAR
	Ms. Alice Lui	HAFFA
	Mr. Enoch Lam	HACTL
	Mr. Nelson Lee	AAT
	CLG Executive Committee	BA/CV/CX/JASL/LD/NW/SQ