

**For information
on 18 December 2001**

Legislative Council Panel on Economic Services

Mid-stream Fees

Introduction

This paper is prepared at the request of Members for the discussion of “mid-stream fees” by the Legislative Council Panel on Economic Services at the meeting on 18 December 2001.

“Progress of the collection of ‘mid-stream fees’ by the Mid-stream Operators Association and measures taken by the Administration”

2. Since November last year, the Economic Services Bureau (ESB) has kept in touch with the relevant trade organisations (i.e. the Hong Kong Shippers’ Council, the Hong Kong Liner Shipping Association, the Hong Kong Mid-stream Operators Association) and the truckers’ organisation (i.e. the China-HK Transportation Joint Meeting Group) and encouraged all parties concerned to settle the disputes arising from the collection of mid-stream fees through dialogue. Over the past year, the steering committee formed by the representatives of the three trade organisations concerned has conducted several meetings to discuss the mechanism for the collection of mid-stream fees and the problems arising from the implementation of the mid-stream fee coupon system.

3. The Administration further set up a mechanism in mid-2001 to provide channels for the affected truckers to lodge their complaints. ESB/the District Office will, upon receiving the complaints, verify the details of each case, including the reported waiting time, and analyse the complaint. Then, we will liaise with and request the companies against which the complaint to respond and take follow up action.

4. Complaints against mid-stream operators received by ESB since July 8 has dropped significantly (see table 1), and we are still closely monitoring each case and deal with them in accordance with previous practices.

5. The China-HK Transportation Joint Meeting Group asked ESB in November to arrange a “four-party meeting” with the mid-stream operators, liners and shippers. We have approached the three trade organisations concerned with a view to facilitating the holding of the meeting.

“Could the Government take further action to demand the mid-stream operators to withdraw the ‘mid-stream fees’”

6. The collection of mid-stream fees is a commercial matter. The Government will, as always, continue to liaise with the trade organisations concerned and encourage them to sort the problems out through dialogue.

“Mid-stream operators’ role in a logistics centre”

7. Around 80% of the cargoes currently handled by Hong Kong are processed through our port. Most of them are container cargoes. In terms of throughput, about 64% of the container cargoes are handled by the container terminals, 17% by mid-stream operators and the remaining 19% by river trade operators.

8. Compared to container terminal operators, mid-stream operators in general offer a relatively lower level of service, but they also charge less. In the past few years, mid-stream operators have recorded no growth in their business. As illustrated in the table below, their market share has shrunk continuously :

Year	Mid-stream throughput (million TEUs)	Market share (in terms of throughput)
2000	3.0	17%
1999	2.8	18%
1998	2.6	18%
1997	3.2	22%
1996	3.0	23%

9. According to the Port Cargo Forecasts completed early this year, it is estimated that the growth of mid-stream operations in the next ten years (about 1% per year on average) will be considerably lower than that of the port on the whole (about 5% per year on average).

Economic Services Bureau
December 2001

Table 1 : Mid-stream Fees System

Complaint Cases Received by PMB of ESB/K&TDO

		1 st Week	2 nd Week	3 rd Week	4 th Week	5 th Week	6 th Week	7 th Week	Aug	Sep	Oct	Nov	1-6 Dec
		9-16 Jun	17-23 Jun	24-30 Jun	1-7 Jul	8-14 Jul	15-21 Jul	22-31 Jul					
Complaints lodged by truckers		109	11	23	18	2	2	3	1	4	2	3	3
-Complaints not substantiated (Complainants cannot be contacted)		27	2										
-Complaints fully substantiated		82	9	23	18	2	2	3	1	4	2	3	3
1. Nature of complaints :		81	9	22	18	2	2	3	1	4	2	3	3
- Long waiting/processing time for trucks due to failure to produce coupons													
- Others (please refer to notes below for details)		1 ^(a)		1 ^(b)									
2. Mid-stream operators under complaint	- Flota	82	8	11	11	2	1	3	1	2	1	1	
	- Yuen Fat			12	6		1					1	
	- Fat Kee		1										
	- Hoi Kong				1								
	- China Marchants									2	1		1
	- River Trade Terminal											1	2
3. Time delayed													
- less than 30 min			1	1									
- 30 min to 1 hr		1								1			2
- 1 hr to 2 hrs		6	5	1	5	1		1		1	1	1	1
- 2 hrs to 3 hrs		14	1	7	8	1	2		1	1	1	2	
- 3 hrs to 4 hrs		23	1	12	4					1			
- Over 4 hrs ^(c)		38	1	2	1								
4. Successful delivery of containers or not													
- Yes		77	9	23	18	2	2	1	1	3	2	3	3
- No		5 ^(d)						2		1			

Note:

- (a) A trucker complained that his truck was blacklisted by Flota and he was forced to use other trucks to pick up/deliver containers at Flota.
- (b) A trucker complained of being forced to purchase coupons.
- (c) There were five cases in which the mid-stream operators concerned were alleged by some truckers to have failed to handle their containers before 11 p.m., thus forcing the truckers to wait overnight. The police were called in to mediate on two occasions.
- (d) Truckers failed to pick up/deliver their containers as they were unwilling to queue for long time.

