

For information

## **LegCo Panel on Commerce and Industry**

### **Updated progress of the Hong Kong / United States Cooperation on Container Security Initiative**

#### **Purpose**

This note updates Members of the progress of the Hong Kong/United States Cooperation on Container Security Initiative (CSI).

#### **Background**

2. At the meeting of the LegCo Panel on Commerce and Industry held on 3 October 2002, Members were informed that in the aftermath of the September 11 incident, the US Customs in early 2002 launched a CSI to address the perceived risks of terrorist attacks through ocean-going containers destined for the US. The Hong Kong Customs and the US Customs signed a Declaration of Principles (DoP) on bilateral customs cooperation on the CSI on 23 September 2002 to help ensure the smooth flow of US-bound cargo originated from Hong Kong, and enhance the security of the global maritime trading system.

3. Under the DoP, the Hong Kong and US Customs will exchange information and work together closely to facilitate the identification and screening of high-risk containers. They will also consult closely on the implementation details of a CSI pilot scheme in Hong Kong.

#### **Implementation of a CSI pilot scheme in Hong Kong**

4. Since the signing of DoP in last September, we have been liaising closely with the US Customs as well as the local exporting and shipping communities on implementing a CSI pilot scheme in Hong Kong. With the support of the local industry, the Hong Kong Customs also conducted a test run

of advance submission of cargo information for CSI pre-screening purpose in November 2002. The overall operation was smooth.

5. Upon commencement of the CSI pilot scheme, participants will be requested to provide the Hong Kong Customs with advance cargo information on US-bound containers 24-hour before the containers are loaded onto the vessels. At present, carriers and non-vessel operating common carriers (NVOCCs) are already required by the US Customs under the "24-hour rule" to submit detailed cargo data 24 hours before lading their cargo aboard a US-bound vessel. To facilitate participation of the industry in the CSI pilot scheme, the Hong Kong Customs will accept copies of the same set of advance cargo information submitted to the US Customs under the "24-hour rule", through a means convenient to the industry.

6. Upon receipt of the cargo information, the Hong Kong Customs will pre-screen for high-risk containers and conduct cargo inspection when necessary. Information on pre-screened cargo containers scanned by X-ray and/or physically examined by the Hong Kong Customs will be provided to the US Customs to facilitate rapid clearance of the concerned containers at the US ports.

7. A handful of US Customs officers will be stationed in Hong Kong for the CSI pilot scheme. Their office in Hong Kong will be located in the Kwai Chung Customshouse of the Hong Kong Customs. The US Customs officers will undertake anti-terrorist risk analysis of containers destined for the US on the basis of their own intelligence. They will not have any inspection or enforcement power in Hong Kong. All inspections of identified containers will be carried out by the Hong Kong Customs.

### **Consultation with the trade**

8. We have maintained close consultation with the trade through regular meetings with representatives of the exporters, freight forwarders, terminal operators as well as cargo carriers to ascertain their readiness to take part in the CSI pilot scheme. Although participation in the pilot scheme is voluntary, practitioners in the concerned sectors are generally supportive as it would facilitate clearance of their cargo at the US ports of entry. In fact, as the trade has been complying with the US Customs' "24-hour rule" since it was strictly enforced on 2 February 2003, participation in the pilot scheme is not expected to bring any significant impact on their operations. The Hong Kong Customs will put in place a set of pragmatic and trade facilitating arrangements for implementing the CSI pilot scheme.

## **Timing**

9. Having ascertained the readiness of the trade in taking part in the CSI pilot scheme, we intend to commence operation of the pilot scheme in Hong Kong in April 2003. The exact timing of commencement will be agreed with the US Customs, and a public announcement will be made when the commencement date is fixed.

Commerce, Industry and Technology Bureau  
March 2003