

Legislative Council Panel on Commerce and Industry

Agreements with Tradelink on the provision of Government Electronic Trading Services

Purpose

This paper informs Members that the Government has signed agreements with Tradelink Electronic Commerce Limited (Tradelink) for the continued provision of Government Electronic Trading Services (GETS) after 2003.

Background

2. In December 1992, the Government granted an exclusive franchise to Tradelink for the provision of front-end Electronic Data Interchange (EDI) services¹ to the trading community for six trade-related documents, i.e. restrained textiles export licence (RTEL), certificate of origin (CO), production notification (PN), import and export declaration (TDEC), dutiable commodities permit (DCP) and cargo manifest (excluding road mode) (EMAN). The franchise is for seven years, beginning from the start of Tradelink's commercial operation on 1 January 1997 and expiring on 31 December 2003. Besides the franchise agreement, the Government also made an agreement expiring on 31 December 2003 with Tradelink for the provision of electronic service for delivering textiles notifications under the Textiles Trader Registration Scheme (TTRS). Tradelink has already introduced all these services.

3. After consulting this Panel and the trade in 2001, we decided to continue to appoint Tradelink as a service provider on a non-exclusive basis after the expiry of its franchise in 2003, and to appoint new service providers to bring in competition for the provision of TDEC, DCP and

¹ The services include receiving data electronically, confirming the identity of the trader, validating data and where necessary, consolidating data from several sources, charging the account of the trader for relevant fees and levies, and transmitting the data to back-end computer systems of relevant Government departments. "EDI services" have been renamed "GETS" as the electronic services after 2003 include the requirement for internet-based transactions.

EMAN services which are not solely or predominantly related to textiles trade and of a non-time limited nature. Following a tender exercise, we signed an agreement with Global e-Trading Services Limited (Ge-TS) in March 2003, appointing it as an additional service provider for TDEC and DCP services from 2004. This was reported to this Panel in April 2003 (vide Paper CB(1)1410/02-03(05)). Ge-TS started its TDEC service on 1 January 2004, and will roll out its DCP service later this year.

Agreements with Tradelink

4. We concluded non-exclusive agreements with Tradelink in December 2003 for it to continue to provide GETS from 2004.

Non-time limited services

5. The key features of the non-exclusive agreement with Tradelink on the provision of TDEC, DCP and EMAN services are –

- (a) the contract period is for five years beginning from 1 January 2004, and is extendable for two years by mutual agreement of the Government and Tradelink;
- (b) the Government paid Tradelink \$1 and Tradelink will deliver and operate the services throughout the contract period in accordance with the technical specifications in the agreement;
- (c) Tradelink cannot charge user fees higher than those set out in the agreement throughout the contract period, in relation to providing services at service levels specified in the agreement. Tradelink has committed to the continued provision of discount packages it provided in 2003 throughout the contract period; and
- (d) Tradelink has agreed that if at any time during the contract period, all other operators have withdrawn from providing any specific service resulting in Tradelink becoming the

only provider of that service, Tradelink will adopt the then prevailing prices and discount packages for that service as the ceiling for a specified period of time within which the Government could complete a new tender exercise for appointing new operator(s) and the new operator(s) could launch the concerned service.

Time-limited services

6. Time-limited services are those which are solely related to textiles trade (i.e. RTEL, PN and TTRS) or predominantly related to textiles trade (i.e. CO, of which over 90% of the transaction volume in 2003 were textiles-related). In the light of the impending global abolition of textiles quota from January 2005, the Government is reviewing whether all the existing textiles controls should be maintained or modified. Hence, we have signed non-exclusive agreements with Tradelink for the provision of time-limited services with the following features -

- (a) the contract period is for one year only starting from 1 January 2004;
- (b) the Government paid Tradelink \$1 and Tradelink will deliver and operate the services throughout the contract period in accordance with the technical specifications in the agreement; and
- (c) Tradelink cannot charge user fees higher than those set out in the agreements throughout the contract period, in relation to providing services at service levels specified in the agreements.

7. We are continuing with our review of the post-2004 textiles control regime and will decide on the appropriate arrangements for the provision of time-limited services after 2004 in the light of the review results.

Conclusion

8. Members are requested to note the above GETS agreements we have signed with Tradelink. We expect that the two operators of TDEC and DCP services will compete in price and quality of services covered in the agreements with the Government as well as the provision of other value-added services. We will continue to monitor the operation of Tradelink and Ge-TS to ensure they fulfil their contractual obligations.

Commerce, Industry and Technology Bureau
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