

LEGISLATIVE COUNCIL BRIEF

Import and Export Ordinance (Chapter 60)

Import and Export (General) (Amendment) Regulation 2004 and Import and Export (Fees) (Amendment) Regulation 2004

INTRODUCTION

At the meeting of the Executive Council on 12 October 2004, the Council ADVISED and the Chief Executive ORDERED that the Import and Export (General) (Amendment) Regulation 2004 and the Import and Export (Fees) (Amendment) Regulation 2004, at Annex A, should be made under section 31(1) of the Import and Export Ordinance (Cap. 60).

A

JUSTIFICATIONS

Elimination of Textiles Quotas under the World Trade Organisation (WTO) Agreement on Textiles and Clothing

2. In accordance with the WTO Agreement on Textiles and Clothing, all quantitative restrictions on textiles and clothing (T&C) products will be completely eliminated by 1 January 2005. T&C products will then be fully integrated into the common framework of multilateral rules and disciplines under the WTO. Hong Kong's T&C exports will then enjoy quota-free access to all markets.

3. As with other textiles exporting Members of the WTO, all quotas currently applied to T&C products from the Mainland will be eliminated by 1 January 2005. However, in accordance with the terms

of China's accession to the WTO, the Mainland will continue to be subject to two time-limited special mechanisms: the special textiles safeguards which will last until 2008 and the product-specific safeguards which will last until 2013. Under these two mechanisms, a WTO Member may apply safeguard measures on T&C imports from the Mainland if it is determined that increased imports of such products have caused or threatened to cause market disruption to that Member's domestic industry. So far the United States (US) has imposed safeguard measures (in the form of quotas) on five categories of Mainland T&C products. The European Union (EU) is also faced with increasing calls from its domestic industry for taking safeguard actions on certain Mainland T&C imports.

4. The special safeguard measures are only applicable to the Mainland, not Hong Kong. However, due to our geographical proximity to and close economic integration with the Mainland, there may be temptation for traders to illegally export T&C products manufactured in the Mainland through Hong Kong as Hong Kong-made products. Hence, whilst in theory there should be no need for control over Hong Kong's T&C exports after 2004, it would be in Hong Kong's interest for us to retain some form of limited control. Specifically, we must be able to demonstrate to our trading partners that we can differentiate between Hong Kong-made T&C products and Mainland-made ones through a system which can effectively guard against circumvention of the safeguard measures on specific Mainland products.

5. It is uncertain when the major importing economies (such as the US and the EU) will formally announce how they would treat global T&C imports in the post-2004 era, and whether they will implement more trade defence measures against imports from the Mainland that would necessitate a high degree of surveillance of textiles imports from the region, including those from Hong Kong. However, with 1 January 2005 fast approaching, we need to make arrangements for the post-2004 control framework, effect amendments to existing legislation and announce the modified system to the trade as soon as possible. We will continue to closely monitor developments in the importing

economies.

Post-2004 Textiles Control System (the Post-2004 system)

6. Against the above background and to ensure continued and unrestricted access of Hong Kong's T&C exports to the world market, we have to modify the existing textiles control system to cater for the post-2004 era. In developing the modified system, we have adopted the following guiding principles:

- (a) the system should be as simple as possible – there should not be any more control than is absolutely necessary in a quota-free environment;
- (b) the key should be to ensure origin compliance of T&C products claiming Hong Kong origin; and
- (c) the system should be effective and enforceable.

7. The post-2004 system will involve the following modifications to the existing control system:

- (a) all quota-related operations¹ will cease with effect from 1 January 2005;
- (b) Restrained Textiles Export Licences to Canada, the EU, and the US will be dispensed with;
- (c) the current Production Notification (PN)² requirement applicable to all cut-and-sewn garments to Canada and the

¹ Quota-related operations include textiles controls registrations, quota allocations, swing and flexibility provisions, free quota schemes, etc.

² Under section 6AB(1) of the Import and Export Ordinance (Cap. 60), no person shall commence the production of any such garment unless he/she lodges a Production Notification (PN) with the Director-General of Trade and Industry. Under a quota regime, the PN requirement serves to ensure that the origin-conferring process for the manufacture of cut-and-sewn garments for export to Canada, the EU, and the US has taken place in Hong Kong.

EU will be discontinued. All cut-and-sewn garments destined for the US will continue to be subject to the PN requirement;

- (d) licensing requirements for commercial shipments of textiles imports and exports will be maintained to ensure that Hong Kong products would not be adversely affected by the application of Mainland-specific safeguard measures. Different licensing requirements will apply for “sensitive” and “non-sensitive” markets:
 - (i) “Sensitive” markets - All textiles exports to and imports from the Mainland, and exports to those economies which have invoked safeguard measures on T&C products of the Mainland will have to be covered by either a consignment-specific export or import licence issued by the Director-General of Trade and Industry or an import or export notification completed by a trader registered under the Textiles Trader Registration Scheme (TTRS).
 - (ii) “Non-sensitive” markets - Textiles imports and exports other than those set out above will be covered by a comprehensive import or export licence respectively. A comprehensive licence will be valid for a period of 12 months to cover multiple shipments. There will be no quantitative restriction for each consignment.
 - (iii) All transshipment cargoes of textiles to or from any country or place will continue to be covered by a transshipment notification under the TTRS as in the current arrangements.

The above textiles licensing arrangements will be reviewed in late 2005, taking into account factors such as changes in the global trading environment after quota elimination, the extent of safeguard measures invoked by WTO Members on the

Mainland, and the local manufacturing scene;

- (e) at present, licensing exemption is given to exports of accompanied personal textiles shipments. In a quota-free environment, licensing exemption will also be given to (i) unaccompanied textiles articles for personal use of the sender or as bona fide gifts to another individual, and (ii) bona fide textiles gifts to an individual in an accompanied baggage;
- (f) with the abolition of quotas, quota-related textiles application and service fees will no longer be applicable after 2004. Pending a review on the overall textiles licensing arrangements in late 2005 (see paragraph 7(d) above), other textiles-related fees (including the lodgment of PN and licence fees) will remain unchanged. No fee will be charged for the comprehensive licence, as it is part and parcel of the TTRS³ service for which a registration fee is already charged; and
- (g) currently, there is a special export and import licensing scheme (the scheme) operated by the Trade and Industry Department (TID) to facilitate the export of most piece-knitted garments from Hong Kong to the US market. As its major objective is for implementation of the quota control system of the HK/US textiles trade, it will be discontinued after all textiles quotas are eliminated on 1 January 2005. At the same time, Hong Kong's origin rule⁴ for piece-knitted garments will be revised to be "either knitting of panels; or assembling of knit-to-shape panels into garments". The Commissioner of Customs and Excise will make an order under section 2(2)(b)(ii) of the Trade

³ Both TTRS and comprehensive licence serve the common function of simplifying the process of import/export licensing on the part of textiles traders, with the former covering shipments involving the sensitive markets while the latter being the non-sensitive ones. Before 1 January 2005, this function is being uniquely served by TTRS.

⁴ "Hong Kong origin rules" is a set of rules setting out the criteria and standards for products to qualify for Hong Kong origin. Hong Kong has a set of non-preferential origin rules applicable to products exported to all markets.

Descriptions Ordinance (Cap 362) to revise the origin marking rule for piece-knitted garments to this effect.

OTHER OPTIONS

8. With the elimination of global quotas, an alternative option is to dispense with all the import and export control on textiles from 2005 onwards as with most other commodities in the merchandise trade regime. Nevertheless, considering the existence of safeguard measures on specific Mainland T&C products and the possible circumvention thereof, retaining a credible system of control in the quota-free regime after 2004 should serve the wider interest of the Hong Kong textiles trade. The control system after 2004 as proposed in paragraph 7 above will be more business friendly and trade facilitating.

THE AMENDMENT REGULATIONS

The Import and Export (General) (Amendment) Regulation 2004

9. The Import and Export (General) (Amendment) Regulation 2004 seeks to amend—

- (a) Regulation 6(1)(c)(ii) to exempt the textiles imported or exported by an individual for his personal use or is a bona fide gift to another individual from licensing requirements under section 6C(1) and 6D(1) of the Import and Export Ordinance (Cap. 60) and to make corresponding amendment to item 3(a) of Part V of the Fifth Schedule;
- (b) the Fourth Schedule so that the TTRS will only apply to T&C imports and exports involving “sensitive” markets in addition to all transshipment cargo of textiles to or from any country or place;
- (c) the Fifth Schedule so that the PN requirement will apply to

all cut-and-sewn garments destined to the US which has invoked safeguard measures against the Mainland and to consequentially amend Regulation 2A(1), (2) and (3); and

- (d) the Chinese text of Regulation 6(1)(c)(i) to achieve consistency with the corresponding English text.

Import and Export (Fees) (Amendment) Regulation 2004

10. The Import and Export (Fees) (Amendment) Regulation 2004 seeks to –

- (a) amend Regulation 2(3), (3A) and (4) to remove all provisions relating to the Textiles Controls Registration (TCR)⁵ as the TCR will cease operation with effect from 1 January 2005;
- (b) clearly specify the nature of the two types of applications respectively listed in items 1(c)(i) and 1(c)(vii) of the Schedule; and
- (c) repeal items in the Schedule relating to quota-related textiles applications and TCR.

B 11. The existing provisions being amended are at Annex B.

LEGISLATIVE TIMETABLE

12. The legislative timetable will be –

Publication in the Gazette	15 October 2004
----------------------------	-----------------

Tabling at the Legislative Council	20 October 2004
------------------------------------	-----------------

⁵ Textiles Controls Registration (TCR) is a pre-requisite for traders receiving quota allocations or using quotas for export of textiles products to countries with quantitative restrictions on imports from Hong Kong. With the elimination of textiles quotas starting 1 January 2005, all TCRs will lapse.

Commencement

1 January 2005

IMPLICATIONS OF THE PROPOSAL

C 13. The proposals have economic and financial and civil service implications as set out at Annex C. The proposals are in conformity with the Basic Law, including the provisions concerning human rights and are consistent with Hong Kong's international rights and obligations under the WTO Agreement. It will not affect the binding effect of the General Regulations and the Fees Regulations.

14. The proposals have no productivity, environmental or sustainability implications.

PUBLIC CONSULTATION

15. The Textiles Advisory Board has been consulted on the proposed post-2004 textiles control system and is supportive of the proposed arrangements therein.

16. The Legislative Council Panel on Commerce and Industry was informed of the proposed changes to the textiles control system and the consequential legislative amendments at its meeting of 12 July 2004. Members were generally supportive of the proposals.

17. TID has briefed the Government of the US, Hong Kong's largest T&C market, on the modified post-2004 textiles control system.

PUBLICITY

18. A press release will be issued when the Amendment Regulations are published in the Gazette on 15 October 2004. TID will announce the new arrangements through trade circulars and its web

portal on the day of gazetting. Briefing sessions are being arranged for the trade on the new arrangements. Senior officers of TID will explain the new arrangements at public speaking engagements as appropriate. A spokesman will be available for answering media enquiries.

ENQUIRY

19. Any enquiries on the brief should be addressed to Miss Amy Chan, Assistant Secretary for Commerce, Industry and Technology (Commerce and Industry)1A, on 2918-7452.

Commerce, Industry and Technology Bureau
October 2004

**Import and Export (General) (Amendment) Regulation 2004 and
Import and Export (Fees) (Amendment) Regulation 2004**

ANNEXES

- Annex A - The Amendment Regulations
- Annex B - Extracts of the relevant provisions of the Import and Export (General) Regulations (Cap 60 Sub Leg A) and the Import and Export (Fees) Regulations (Cap 60 Sub Leg B)
- Annex C - Economic and Financial and Civil Service Implications

**IMPORT AND EXPORT (GENERAL) (AMENDMENT)
REGULATION 2004**

(Made by the Chief Executive in Council under section 31(1)
of the Import and Export Ordinance (Cap. 60))

1. Commencement

This Regulation shall come into operation on 1 January 2005.

**2. Matters prescribed for purposes of Part II
A of the Ordinance**

Regulation 2A of the Import and Export (General) Regulations (Cap. 60
sub. leg. A) is amended –

- (a) in paragraph (1), by repealing “second” and substituting “third”;
- (b) in paragraph (2) –
 - (i) by repealing “third” and substituting “fourth”;
 - (ii) by repealing “second” and substituting “third”;
- (c) in paragraph (3), by repealing “Part II of the Fifth Schedule are prescribed” and substituting “the second column of Part I of the Fifth Schedule are prescribed in relation to the specified textiles opposite those countries or places in the third column of that Part”.

3. Application and exemption

Regulation 6(1)(c) is amended –

- (a) in sub-subparagraph (i), by repealing everything after “品是” and substituting “由任何進入或離開香港的個人在其隨身行李之內輸入或輸出並是供其自用的;”;
- (b) in sub-subparagraph (ii), by repealing everything after “Third” and substituting “Schedule imported or exported by an individual for his personal use or as a bona fide gift to another individual;”.

4. Fourth Schedule amended

The Fourth Schedule is amended –

- (a) in paragraph (a), by repealing “any country or place” and substituting “the Mainland”;
- (b) in paragraph (b), by repealing everything after “textiles” and substituting –
 - “to –
 - (i) the Mainland; or
 - (ii) the United States of America; or”;
- (c) in paragraph (c), by repealing “;or” and substituting a full stop;
- (d) by repealing paragraphs (d) and (e).

5. Fifth Schedule amended

The Fifth Schedule is amended –

- (a) in Part I –

- (i) in the heading, by adding “AND COUNTRIES OR PLACES FOR PURPOSES OF SECTION 6AA(2)” before “OF THE”;
- (ii) by adding between the first column and the second column –

“Countries or Places

United States of America”;

- (iii) in the fourth column, by repealing “or export licensing”;
- (b) by repealing Part II;
- (c) in Part V, in item 3(a), by repealing everything after “exported” and substituting “by an individual and are either for his personal use or a bona fide gift to another individual; or”.

Clerk to the Executive Council

COUNCIL CHAMBER

2004

Explanatory Note

This Regulation –

- (a) amends regulation 6(1)(c)(ii) of the Import and Export (General) Regulations (Cap. 60 sub. leg. A) (“Regulations”) so that sections 6C(1) and 6D(1) of the Import and Export Ordinance (Cap. 60) (“Ordinance”) do not apply to textiles imported or exported by an individual that is for his personal use or is a bona fide gift to another individual (section 3(b));
- (b) re-defines the scope of businesses of a textiles trader who may be registered as a textiles trader under Part IV of the Regulations (section 4);
- (c) amends the process of manufacturing specified textiles and the list of countries as respectively set out in Part I and Part II of the Fifth Schedule to the Regulations (sections 2 and 5(a) and (b));
- (d) amends the types of specified textiles exempted from Part IIA of the Ordinance that are prescribed in Part V of the Fifth Schedule to the Regulations (section 5(c)); and
- (e) amends the Chinese text of regulation 6(1)(c)(i) of the Regulations so as to achieve consistency with the corresponding English text (section 3(a)).

**IMPORT AND EXPORT (FEES) (AMENDMENT)
REGULATION 2004**

(Made by the Chief Executive in Council under section 31(1)
of the Import and Export Ordinance (Cap. 60))

6. Commencement

This Regulation shall come into operation on 1 January 2005.

7. Prescribed fees and manner of payment

Regulation 2 of the Import and Export (Fees) Regulations (Cap. 60 sub. leg. B) is amended –

- (d) in paragraph (3), by repealing “3,”;
- (e) by repealing paragraph (3A);
- (f) in paragraph (4), by repealing “or (3A)”.

8. Scale of fees

The Schedule is amended –

- (c) in item 1 –
 - (i) in paragraph c(i), by adding “consignment specific” before “export”;
 - (ii) in paragraph c(vii), by adding “consignment specific” before “import”;
 - (iii) by repealing paragraph (c)(ii), (iii), (iv), (v), (ix), (x) and (xi);
- (d) by repealing item 3.

Clerk to the Executive Council

COUNCIL CHAMBER

2004

Explanatory Note

The Import and Export (Fees) Regulations (Cap. 60 sub. leg. B) (“Regulations”) set out, inter alia, the fees to be collected by the Director-General of Trade and Industry in respect of various kinds of applications and registrations that relate to textiles. Under the Agreement on Textiles and Clothing of the World Trade Organization, all quantitative restrictions on textiles and clothing products will be lifted on 1 January 2005. The objects of this Regulation are to delete all types of quota-related applications and registrations from the Regulations and to clearly specify the nature of the two types of applications respectively listed in items 1(c)(i) and 1(c)(vii) of the Schedule to the Regulations.

Chapter:	60A	Title:	IMPORT AND EXPORT (GENERAL) REGULATIONS	Gazette Number:	L.N. 193 of 1999; L.N. 196 of 1999
Regulation:	2A	Heading:	Matters prescribed for purposes of Part IIA of the Ordinance	Version Date:	23/07/1999

PART IA

PRODUCTION NOTIFICATION OF CERTAIN TEXTILES FOR EXPORT

- (1) The textiles specified in the second column of Part I of the Fifth Schedule are prescribed for the purposes of the definition of "specified textiles" in section 6AA(1) of the Ordinance.
- (2) The processes specified in the third column of Part I of the Fifth Schedule are prescribed in relation to the specified textiles opposite those processes in the second column of that Part for the purposes of the definition of "production" in section 6AA(1) of the Ordinance.
- (3) The countries or places specified in Part II of the Fifth Schedule are prescribed for the purposes of section 6AA(2) of the Ordinance.
- (4) The period specified in Part III of the Fifth Schedule is prescribed for the purposes of the definition of "permitted period" in section 6AA(1) of the Ordinance.
- (5) The particulars specified in Part IV of the Fifth Schedule are prescribed as material for the purposes of the definition of "material particular" in section 6AA(1) of the Ordinance.

(Part IA added L.N. 193 of 1999)

Chapter:	60A	Title:	IMPORT AND EXPORT (GENERAL) REGULATIONS	Gazette Number:	L.N. 248 of 2003
Regulation:	6	Heading:	Application and exemption	Version Date:	08/01/2004

PART V

APPLICATION OF, AND EXEMPTION FROM, LICENSING REQUIREMENTS (L.N. 179 of 2002)

- (1) Sections 6C(1) and 6D(1) of the Ordinance shall not apply to- (L.N. 136 of 1994)
- (a) any article in transit, unless otherwise provided in regulation 6DF; (L.N. 440 of 1990; L.N. 179 of 2002)
 - (b) transshipment cargo imported or exported by a person to whom an exemption relating to that transshipment cargo has been granted under paragraph (2); (L.N. 440 of 1990)
 - (ba) any specified article imported or exported as transshipment cargo, unless otherwise provided in regulation 6AA, being an article in respect of which a transshipment notification has been endorsed by the Commissioner or an authorized officer and the endorsement remains to have effect when the specified article is imported or exported; (33 of 2003 s. 2)
 - (c) any article specified in-
 - (i) item 1 of the Third Schedule, imported or exported in the accompanied personal baggage of a person entering or leaving Hong Kong and which is for his personal use;
 - (ii) item 2 of the Third Schedule-
 - (A) imported by any person and which is for his personal use or is a gift; or
 - (B) exported in the accompanied personal baggage of a person leaving Hong Kong and which is for his personal use;
 - (iii) the Third Schedule, imported or exported as part of the provisions required for consumption or use by the

crew or passengers of the vessel, aircraft or vehicle on which the article is carried,
and is in each case in a quantity which is reasonable having regard to the purpose for which it is imported or exported as the case may be; (L.N. 440 of 1990)

- (ca) any article specified in the Sixth Schedule which is-
 - (i) imported in the accompanied personal baggage of a person entering Hong Kong;
 - (ii) for the personal use of that person or is a gift;
 - (iii) in an amount not exceeding 15 kg; and
 - (iv) accompanied by an official certificate as defined in the Imported Game, Meat and Poultry Regulations (Cap 132 sub. leg. AK); (L.N. 142 of 2000)
- (d) any article in respect of the import or export of which a person has been granted an exemption under paragraph (5). (L.N. 440 of 1990)

(2) If the Director is satisfied that a person is engaged in the business of dealing in transshipment cargo he may exempt in writing, with respect to the transshipment of any of the items set out in the First and Second Schedules and specified in the exemption, that person from the licensing requirements under sections 6C(1) and 6D(1) of the Ordinance. (L.N. 136 of 1994)

(3) The Director may impose such conditions as he thinks fit upon any exemption made under paragraph (2) and any person exempted under paragraph (2) shall comply with any condition imposed under this paragraph.

(3A) If a person is a registered textiles trader, the Director may exempt, in writing, the registered textiles trader from the licensing requirements under sections 6C(1) and 6D(1) of the Ordinance for the import or export of textiles in accordance with the Fourth Schedule by the registered textiles trader. (L.N. 111 of 1993; L.N. 136 of 1994)

(3B) The Director may impose such conditions as he thinks fit upon any exemption made under paragraph (3A) and any person who relies on an exemption issued under paragraph (3A) shall comply with any condition imposed under this paragraph. (L.N. 111 of 1993)

(3C) The Director may vary the conditions as he thinks fit upon any exemption made under paragraph (3A) and any person who relies on an exemption issued under paragraph (3A) shall comply with any condition varied under this paragraph. (L.N. 111 of 1993)

(3D) The Director may approve the form of an export, import or transshipment

notification that a registered textiles trader is required to submit under these regulations. (L.N. 111 of 1993)

(4) If a person contravenes or fails to comply with any condition imposed under paragraph (3), (3B) or (3C)- (L.N. 111 of 1993)

(a) he shall be guilty of an offence and shall be liable on conviction to a fine of \$500000 and to imprisonment for 2 years; and

(b) the Director may by notice in writing revoke or suspend any exemption granted to that person or may amend any condition.

(L.N. 255 of 1984)

(5) Without prejudice to paragraphs (2), (3), (3A), (3B), (3C) and (4), the Director may, on application and in respect of any article specified in the First or Second Schedule, exempt in writing any person from any requirement to obtain a licence under sections 6C(1) and 6D(1) of the Ordinance. (L.N. 440 of 1990; L.N. 111 of 1993; L.N. 136 of 1994)

(6) The Commissioner may specify the form of, and the information required to be given in, a transshipment notification in respect of any specified article. (33 of 2003 s. 2)

(L.N. 255 of 1984)

Chapter:	60A	Title:	IMPORT AND EXPORT (GENERAL) REGULATIONS	Gazette Number:	L.N. 118 of 2001
Schedule:	4	Heading:		Version Date:	23/07/2001

[regulations 5A, 6 & 7]
(L.N. 118 of 2001)

Textiles traders carrying on business of-

- (a) importing textiles from any country or place;
- (b) exporting textiles that are not entitled to a certificate of Hong Kong origin to any country or place;
- (c) handling transshipment cargo of textiles from any country or place and to any country or place; or
- (d) exporting textiles that are entitled to a certificate of Hong Kong origin to a country or place with which Hong Kong does not have a bilateral textiles agreement to control exports of textiles from Hong Kong to the country or place;
- (e) exporting textiles to the United States of America provided that the conditions in either subparagraph (i) or (ii) are satisfied-
 - (i) Samples not exceeding US\$800 in free-on-board value-
(L.N. 118 of 2001)
 - (A) The textiles are bona fide samples not for resale.
 - (B) The textiles are of Hong Kong origin under the certification of origin or export licensing system administered by the Director.
 - (C) Each consignment of textiles must not exceed US\$800 in free-on-board value. The free-on-board value is determined on the basis of all expenses incurred in the manufacture and delivery of the textiles up to the time the textiles are deposited on board the vessel, aircraft or vehicle of export, including the cost of all materials, manufacturing costs, export packing charges, local transport charges, loading charges, documentation fees (including consular fees), commissions payable to local or non-local agencies, and local insurance charges.

This calculation will be applied notwithstanding subsequent reimbursement of any of the expenses by the purchaser outside Hong Kong. The seller's profits, if any, must also be included in the calculation of the free-on-board value. (23 of 1998 s. 2; L.N. 118 of 2001)

(D) Each consignment must be covered by separate export notification, and packed and invoiced separately.

(E) The invoice for such samples must contain the declaration "Marked Sample-Not for Resale".

(F) Each consignment must not be exported in or on the same vessel, aircraft or vehicle together with any other marked commercial sample or samples exported by the same textiles trader to the same consignee.

(G) The textiles must be stamped or labelled in accordance with the following requirements-

(I) For wearing apparel-

(1) The inside of the apparel must be indelibly stamped with the word "SAMPLE" in block letters. The size of the word must be at least 26 mm in height and 153 mm in length. The stamping must be in contrasting colour to the apparel and near the country of origin label and must be physically placed on the apparel itself. (L.N. 118 of 2001)

(2) For apparel which is transparent or incapable of being stamped (including briefs, bikinis, hosiery, sheer or very thin garments) and for which the stamping of the word "SAMPLE" may render the apparel unsuitable for use as a trade sample, fabric labels not smaller than 64 mm x 13 mm containing the words

"Sample-Not for Resale" must be conspicuously and permanently affixed to the apparel in close proximity to the country of origin label.

(II) For fabrics-

- (1) The fabric must not exceed 1829 mm in length.
- (2) The fabric must be indelibly stamped with the word "SAMPLE" in block letters at a diagonal angle across the back of the fabric at intervals of 457 mm for the entire length of the fabric. The size of the word must be at least 26 mm in height and 153 mm in length and in contrasting colour to the fabric. (L.N. 118 of 2001)

(III) For fabric swatches-

- (1) The size of the fabric swatch must be under 304 mm x 304 mm.
- (2) The fabric swatch must be indelibly stamped with the word "SAMPLE" in block letters at a diagonal angle across the back of the fabric swatch. The size of the word must be at least 26 mm in height and 153 mm in length and in contrasting colour to the fabric swatch. (L.N. 118 of 2001)

(IV) For hats and gloves-

- (1) The inside of the hat or glove must be indelibly stamped with the words "SAMPLE-NOT FOR RESALE" in block letters. The size of each block letter must be

at least 26 mm in height and in length. The stamping must be in contrasting colour to the hat or glove and placed on the underside of the bill of the hat, or other conspicuous location and physically placed on the hat itself. For gloves, the stamping must be near the country of origin label and physically placed on the glove itself. (L.N. 118 of 2001)

(2) Hats or gloves which are incapable of being stamped must be labelled in accordance with the labelling requirements set out in subparagraph (i)(G)(I)(2).

(V) For footwear-

(1) A hole of 6.5 mm in diameter must be punched or cut into the sole of the footwear; or

(2) A label not smaller than 64 mm x 13 mm containing the words "Sample-Not for Resale" must be sewn or permanently affixed to the outside of the footwear, or to the inside which is readily visible when the footwear is viewed.

(VI) For luggage, handbags, furnishings and other miscellaneous textile articles-

A stamp in indelible ink must be placed on the inside of the article near the top and easily readable with the words "SAMPLE-NOT FOR RESALE" in block letters. The size of each block letter must be at least 26 mm in height and in

length. The stamping must be physically placed on the article itself and in contrasting colour to the article. (L.N. 118 of 2001)

(H) For the purpose of meeting the indelible stamping requirement referred to in subparagraph (i)(G), an indelible stamping is that which must be incapable of being erased or obliterated. Markings in chalk or white-out are not acceptable.

(I) For mail packages, the declaration "Marked Sample - Not for Resale" must be on both the mail declaration attached to the package and the enclosed invoice. (L.N. 118 of 2001)

(ii) Mutilated or stamped samples-

(A) The textiles are bona fide samples not for resale.

(B) The textiles are of Hong Kong origin under the certification of origin or export licensing system administered by the Director.

(C) The textiles must be mutilated or stamped in accordance with the following requirements-

(I) For wearing apparel-

(1) A section must be cut or torn from the main body of the apparel. This cut must be on the outside of the apparel and must be visible and not be on a seam or border. The size of the cut or tear must be at least 51 mm in length;
or

(2) A hole or section must be punched or cut into the apparel on the outside in a prominent area of at least 26 mm in diameter and in a location where it cannot be covered by a patch or an emblem;
or

(3) The apparel must be stamped

with the word "SAMPLE" in block letters in indelible ink or paint. The size of the word must be at least 26 mm in height and 51 mm in length. The word must be placed in a prominent area on the outside of the apparel which will be visible when worn and in contrasting colour to the apparel.

(II) For fabrics-

- (1) The fabric must not exceed 1829 mm in length.
- (2) The fabric must be stamped in indelible ink or paint, or perforated with the word "SAMPLE" in block letters at intervals of 457 mm for the entire length of the fabric. The size of the word must be at least 26 mm in height and 127 mm in length and be placed at a perpendicular angle across the fabric. The word must be on the face or the front of the fabric and in contrasting colour to the fabric.

(III) For fabric swatches-

- (1) The size of the fabric swatch must be under 304 mm x 304 mm.
- (2) A hole or section of 26 mm in diameter must be cut in the main body of the fabric swatch or the fabric swatch must be stamped with the word "SAMPLE" in block letters in indelible ink or paint on the face or front. The size of the word must be at least 26 mm in height and 51 mm in

length and in contrasting colour to the fabric swatch.

(3) Fabric swatches smaller than 203 mm x 203 mm may be exported as mutilated samples without being cut or stamped, provided that they cannot be used for any purpose other than for soliciting orders.

(IV) For footwear-

A hole of 6.5 mm in diameter must be punched or cut into the sole of the footwear.

(V) For luggage, handbags, furnishings and other miscellaneous textile articles-

The stamping or mutilation may take the form of-

(1) a hole of at least 26 mm in diameter or a cut of at least 51 mm in length; or

(2) an indelible ink stamping of the word "SAMPLE" in block letters and in contrasting colour to the article. The size of the word must be at least 26 mm in height and 127 mm in length for those articles with surface area of the prominent side at or exceeding 304 mm x 304 mm, and must be at least 26 mm in height and 51 mm in length for those articles with surface area of the prominent side below 304 mm x 304 mm.

The hole, cut or stamp must be on the outer surface of the article and in

location which is visible when the article is in use.

(D) For the purpose of meeting the indelible stamping requirement referred to in subparagraph (ii)(C), an indelible stamping is that which must be incapable of being erased or obliterated. Markings in chalk or white-out are not acceptable.

(E) The invoice for such samples must contain the declaration "Stamped or Mutilated Sample-Not for Resale". (L.N. 422 of 1996)

(F) For mail packages, the declaration "Stamped or Mutilated Sample - Not for Resale" must be on both the mail declaration attached to the package and the enclosed invoice. (L.N. 118 of 2001)

(L.N. 111 of 1993)

Chapter:	60A	Title:	IMPORT AND EXPORT (GENERAL) REGULATIONS	Gazette Number:	L.N. 193 of 1999; L.N. 196 of 1999
Schedule:	5	Heading:		Version Date:	23/07/1999

[regulations 2A, 2B & 7]

PART I

"SPECIFIED TEXTILES" AND "PRODUCTION" FOR PURPOSES OF SECTION 6AA(1) OF THE ORDINANCE

Item	Textiles	Process
1.	Cut-and-sewn garments, which mean garments that are cut and sewn, or otherwise assembled, from fabrics.	Such assembling operations of such parts of the garments as the Director may determine for entitling the garments to a certificate of Hong Kong origin under the certification of origin or export licensing system administered by the Director.

PART II

COUNTRIES OR PLACES FOR PURPOSES OF SECTION 6AA(2) OF THE ORDINANCE

1. Canada
2. Member states from time to time of the European Union
3. United States of America

PART III

"PERMITTED PERIOD" FOR PURPOSES OF SECTION 6AA(1) OF THE ORDINANCE

On or before the day on which production of the specified textiles commences, but not earlier than 3 working days before that day.

(1) In this Part, "working day" (工作天) means any day other than a general holiday, a gale warning day or a black rainstorm warning day.

(2) In subparagraph (1), "gale warning day" (烈風警告日) and "black rainstorm warning day" (黑色暴雨警告日) have the same meanings as in section 71(2) of the Interpretation and General Clauses Ordinance (Cap 1).

PART IV

"MATERIAL PARTICULAR" FOR PURPOSES OF SECTION 6AA(1) OF THE ORDINANCE

1. Name, address and registration number of the manufacturer.
2. Name, address and registration number of the subcontractor.
3. Product descriptions.
4. Quantity of products.
5. Category number of products.
6. Country or place of destination.
7. Descriptions and sources of component parts.
8. Production order number.
9. Buyer's order number or reference number or mark specifically assigned to identify the purchasing transaction in respect of the particular consignment in question.
10. Local subcontracting arrangement.
11. Commencement and completion dates of production.
12. Place of production.
13. Other particulars from time to time specified by the Director for the purpose of enabling him to determine whether or not a production notification should be validated.

For the purposes of items 1 and 2, "registration number" (登記編號) means the number by which the manufacturer or subcontractor is registered under Part IIIA of these regulations or regulation 7 of the Export (Certificates of Origin) Regulations (Cap 60 sub. leg. H)

PART V

SPECIFIED TEXTILES EXEMPTED FROM PART IIA OF THE ORDINANCE

1. Consignment of specified textiles consisting solely of samples that-

- (a) are of the same style; and
 - (b) do not exceed 60 pieces in quantity.
2. Consignment of specified textiles consisting solely of samples that-
- (a) are of the same style; and
 - (b) are intended to be distributed free of charge for the purpose of advertising those garments; and
 - (c) do not exceed 120 pieces in quantity.
3. Specified textiles that are-
- (a) exported in the personal baggage accompanying a person leaving Hong Kong and are for the personal use of that person; or
 - (b) exported as part of the provisions required for consumption or use by the crew or passengers of the vessel, aircraft or vehicle on which the textiles are carried,
- and are in each case in a quantity that is reasonable having regard to the purpose for which they are exported.

(Fifth Schedule added L.N. 193 of 1999)

Chapter:	60B	Title:	IMPORT AND EXPORT (FEES) REGULATIONS	Gazette Number:	L.N. 279 of 2003
Regulation:	2	Heading:	Prescribed fees and manner of payment	Version Date:	02/01/2004

(1) The fees specified in the third column of the Schedule shall be the fees to be collected by the Director in respect of the matters specified in the second column of the Schedule. (L.N. 388 of 1983)

(2) The fees set out in items 1(c), 4(a) and 14 of the Schedule shall be paid-

(a) where the application or lodgement is made on paper-

(i) in cash or through a payment system known as the Easy Pay System provided by the Electronic Payment Services Company (HK) Limited; or

(ii) in the form of adhesive postage stamps or impressed postage stamps of the total value indicated in that item affixed or franked, as the case may be, on the application or production notification; or (L.N. 128 of 2001)

(b) where the application or lodgement is made using services provided by a specified body, in the manner agreed by the Government and the specified body. (L.N. 81 of 1975; L.N. 258 of 1982; L.N. 543 of 1995)

(3) The Director may collect fees for items 3, 12 and 13 of the Schedule pro rata on a monthly basis-

(a) on a person making an application for the purpose; and

(b) if the Director is satisfied that it will enable the registration of that applicant in respect of each of those items to have the same expiry date, being a date determined by the Director. (L.N. 128 of 2001)

(3A) The fee to be collected by the Director in respect of registration of a person for textile controls purposes for a period of less than 12 months ending on 31 December 2004 shall be a fee of an amount pro rata to the annual fee under item 3 of the Schedule and calculated according to the number of months in the period. (L.N. 247

of 2003)

(4) In calculating the fees payable under paragraph (3) or (3A)- (L.N. 247 of 2003)

(a) any period of less than one month shall be regarded as a whole month; and

(b) any fraction of a dollar that is less than \$0.50 shall be disregarded and any fraction of a dollar that is not less than \$0.50 shall be regarded as a whole dollar. (L.N. 128 of 2001)

(L.N. 195 of 1999)

Chapter:	60B	Title:	IMPORT AND EXPORT (FEES) REGULATIONS	Gazette Number:	L.N. 252 of 2002
Schedule:		Heading:	SCHEDULE	Version Date:	02/01/2003

[regulation 2]

SCALE OF FEES

Item	\$
1. (a) Application for issue of import licence otherwise than in respect of textiles (L.N. 160 of 1992)	No fee
(b) Application for issue of export licence otherwise than in respect of textiles	No fee
(c) In respect of textiles-	
(i) application for issue of export licence (Form 4 TIC 353) (L.N. 315 of 1984; L.N. 129 of 1989; L.N. 160 of 1992)	56
(ii) application for issue of export licence-	
(A) where the application is made on paper (Form 5 TIC 353A)	216
(B) where the application is made using services provided by a specified body (L.N. 484 of 1996)	141
(iii) application for swing of quotas (Form TIC 395) (L.N. 126 of 1984; L.N. 315 of 1984; L.N. 160 of 1992)	251
(iv) application for free quota export authorizations (Form TIC 355 (FQ)) (L.N. 315 of 1984; L.N. 160 of 1992)	508
(v) application for transfer of quotas (Forms TIC 396, TIC 397, TIC 398) (L.N. 126 of 1984; L.N. 160 of 1992)	280

	(vi) (Repealed L.N. 484 of 1996)	
	(vii) application for issue of import licence (Form 7 TRA 23) (L.N. 315 of 1984; L.N. 129 of 1989)	40
	(viii) (Repealed L.N. 189 of 1993)	
	(ix) application for issue of special export licence (Forms 8a TRA 534A and 8d TRA 534D) (L.N. 160 of 1992)	58
	(x) application for issue of special import licence (Forms 8b TRA 534B, 8c TRA 534C and 8e TRA 534E) (L.N. 160 of 1992)	43
	(xi) application for issue of export licence-	
	(A) where the application is made on paper (Form 8 TRA 534)	216
	(B) where the application is made using services provided by a specified body (L.N. 484 of 1996)	141
2.	Issue of import or export licence in respect of prohibited, restricted or controlled articles, other than rough diamonds (L.N. 180 of 2002)	No fee
3.	Annual fee for registration of a person for textile controls purposes (L.N. 315 of 1984; L.N. 160 of 1992; L.N. 128 of 2001)	1712
4.	(a) Application for the issue of a certificate of Hong Kong origin, certificate of processing or of any other certificate mentioned in item 5 other than a generalized preference certificate-	
	(i) where the application is made on paper (Form TIC 185)	110
	(ii) where the application is made using services provided by a specified body (L.N. 195 of 1999)	95
	(b) Application for the issue of a generalized preference certificate (Form TIC 185B) (L.N. 390 of 1989; L.N. 237 of 1992; L.N. 245 of 1997)	324

5.	Issue of certificate of Hong Kong origin (Form TIC 16), certificate of processing (Form TIC 288), generalized preference certificate (Form A), any other form of certificate of origin or any certificate relating to the origin of goods (L.N. 120 of 1990)	No fee
6.	Issue of a landing certificate (Form TIC 42) (L.N. 106 of 1990; L.N. 160 of 1992)	385
7.	(Repealed L.N. 484 of 1996)	
8.	Issue of a certificate of accuracy of any copy of, or extract from, official records, except where an appropriate fee is prescribed in any other enactment (L.N. 160 of 1992)	300
9.	Issue of any copy of official records of statistical data derived or extracted from import and export declarations, such fee being calculated at per sheet or part thereof (L.N. 160 of 1992)	15
10.	Issue of any statistical data, other than copies of official records, derived from import and export declarations, such fee being calculated according to the actual work done including all overheads charges	Fee as calculated
10A.	Issue of a delivery verification certificate for the certification of delivery of strategic commodities into Hong Kong (L.N. 259 of 1985; L.N. 160 of 1992)	203
10B.	Issue of a certified copy of import declaration or export declaration or manifest (L.N. 106 of 1990; L.N. 160 of 1992).....	245
10C.	Issue of an international import certificate (L.N. 160 of 1992)	65
11.	(Repealed L.N. 484 of 1996)	
12.	Annual fee for registration of a person under Part IIIA of the Import and Export (General) Regulations (Cap 60 sub. leg. A) or regulation 7 of the Export (Certificates of Origin) Regulations (Cap 60 sub. leg. H) (L.N. 248 of 1990; L.N. 237 of 1992; L.N. 245 of 1997; L.N. 195 of 1999; L.N. 128 of	3003

	2001)	
13.	Annual fee for any period beginning on or after 1 July 1993 for person registered as textiles trader under the Import and Export (General) Regulations (Cap 60 sub. leg. A) (L.N. 112 of 1993)	2825
14.	Fee payable when a production notification is lodged-	
	(a) where the production notification is lodged on paper (Form TRA 579)	49
	(b) where the production notification is lodged using services provided by a specified body (L.N. 195 of 1999)	34
15.	In respect of rough diamonds-	
	(a) fee for registration as a registered rough diamond trader under Part VI of the Import and Export (General) Regulations (Cap 60 sub. leg. A) for a period of 2 years-	
	(i) in the case of an initial registration	840
	(ii) in the case of a registered rough diamond trader renewing his registration	595
	(b) issue of import licence	175
	(c) issue of export licence (L.N. 180 of 2002)	200
	(L.N. 258 of 1982; L.N. 189 of 1993; L.N. 259 of 1994; L.N. 203 of 1995; L.N. 202 of 1996; L.N. 245 of 1997)	

Import and Export (General) (Amendment) Regulation 2004 and Import and Export (Fees) (Amendment) Regulation 2004

ECONOMIC IMPLICATIONS

The elimination of the quota restriction in 2005 will present opportunities and challenges for Hong Kong's trade. The post-2004 textiles control system will effectively differentiate Hong Kong made T&C products from those made in the Mainland. It will protect Hong Kong's textile trade interest in 2005 and beyond, as well as generate positive impact on economic growth and employment.

FINANCIAL AND CIVIL SERVICE IMPLICATIONS

2. Upon the elimination of all quantitative restrictions on T&C products in January 2005, we expect that a total of about 251 posts in TID and 101 posts in the Customs and Excise Department (C&ED) would be deleted in 2004-05 and 2005-06, resulting in annual savings in staff cost of \$135.35 million.

3. TID will address the staff arising from the deletion of posts through internal redeployment, filling of vacancies and natural wastage, but there would still be a surplus of some 91 clerical staff. There may also be a slight surplus of staff in the Trade Officer grade by the end of 2005-06. We shall continue to monitor the staffing situation closely.

4. For C&ED, through internal redeployment and taking up new duties, only six general grades staff and one motor driver would become surplus by April 2006.

5. TID and C&ED will discuss with the General Grades Office of the Civil Service Bureau the pace and the timing for redeploying the affected general grades staff and deleting the posts concerned. The relevant grade management will also brief their respective staff regarding the manpower plans relating to the post-2004 textile control regime

before the Amendment Regulations are introduced into LegCo.

6. With the elimination of quotas, various quota-related textiles application fees and service fees will be discontinued after 2004 and the associated revenue, estimated at \$97.4 million per annum (based on the actual revenue collected during the period from July 2003 to June 2004) will no longer be collected.

7. Pending a review on the overall textiles licensing arrangements in late 2005 (see paragraph 7(d) of the main paper), other textiles-related fees (including the lodgment of PN and licence fees) will remain unchanged.