

## **LEGISLATIVE COUNCIL BRIEF**

Reserved Commodities Ordinance (Cap. 296)

### **Reserved Commodities Ordinance (Amendment of Schedules 1 and 2) Notice 2006**

#### **INTRODUCTION**

This brief explains the Reserved Commodities Ordinance (Amendment of Schedules 1 and 2) Notice 2006 (“the Notice”) at Annex A.

Annex A

#### **JUSTIFICATIONS**

##### Electronic Submission of Manifests

2. To promote electronic commerce, improve efficiency and reduce the use of paper, the Government has since 1997 introduced the Government Electronic Trading Services (GETS)<sup>1</sup> for the trading community to submit via GETS service providers to the Government by electronic means a number of official trade-related documents, including trade declarations (TDEC), dutiable commodities permits (DCP) and cargo manifests. To cater for traders/carriers who do not have the IT capability of making direct electronic submissions from their own offices, a GETS service provider is required to provide Electronic Trading Access Service (ETAS) whereby traders’/carriers’ paper form submissions are converted into electronic form submissions for onward transmission to the Government. A GETS service provider may provide ETAS itself, or may engage other agents to provide ETAS.

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<sup>1</sup> GETS refers to the front-end electronic services whereby a service provider collects data electronically from traders and carriers, confirms their identity, validates such data, and transmits the data to the Government’s backend computer systems for the latter to perform a wide variety of functions, including customs clearance, compilation of trade statistics, import and export licensing control, origin certification, etc.

3. The services for electronic submission of cargo manifests in the air, rail, river and ocean modes of transport (EMAN services) were launched in April 2003 upon the coming into effect of the Import and Export (Electronic Transactions) Ordinance 2002. The use of EMAN services has become mandatory since July 2004 for air and rail cargoes and will become mandatory with effect from 16 June 2006 for ocean and river cargoes. At present, Tradelink is the only GETS service provider for EMAN services and provides its own ETAS for this purpose.

#### Appointment of New Service Provider and Service Agents

4. After consulting the Panel on Commerce and Industry of the Legislative Council in February 2001 (LC Paper No. CB(1)552/00-01(05)), the Government conducted a tender exercise to open up the GETS market in 2002 by appointing additional service providers to bring in competition for the provision of TDEC, DCP and EMAN. We reported in April 2003 to the Panel (LC Paper No. CB(1)1410/02-03(05)) the outcome of the GETS tender exercise which resulted in the appointment of Global e-Trading Services Limited (Ge-TS) as an additional GETS service provider for the provision of electronic services for TDEC and DCP. Ge-TS also indicated then its intention to provide EMAN services which were optional under the terms of the tender exercise. In line with the Government's policy to introduce competition into the GETS market by appointing additional service provider(s) as and when the opportunity arises, we signed a contract with Ge-TS on 11 April 2006, appointing the latter as an additional GETS service provider for EMAN services up to end 2008. The duration and terms of the contract are essentially the same as those of other existing GETS contracts for TDEC, DCP and EMAN services.

5. In anticipation of the increase in demand for ETAS arising from the mandatory use of EMAN services for ocean and river cargoes with effect from 16 June 2006, Tradelink has decided to appoint its six existing ETAS agents for TDEC services to provide ETAS for EMAN services as well. These six ETAS agents are the Federation of Hong Kong Industries, the Chinese General Chamber of Commerce, the Chinese Manufacturers' Association of Hong Kong, the Hong Kong General Chamber of Commerce, the Indian Chamber of Commerce Hong Kong and the International Chamber of Commerce - Hong Kong, China. Ge-TS has decided to provide ETAS itself.

## Consequential legislative amendments

6. The Import and Export Ordinance (Cap. 60) governs the administration of both TDEC and manifests for general cargoes and the Reserved Commodities Ordinance (Cap. 296) governs the administration of manifests for reserved commodities. To provide a sound legal basis for the status of GETS service providers and their ETAS agents in the processing of these trade documents, both Ordinances list out these service providers and agents by way of Schedules. Amendments to the Schedules are made by the Secretary for Commerce, Industry and Technology (SCIT) through notice published in the Gazette. Tradelink and its six ETAS agents for TDEC services were included in Schedules 2 and 3 to Cap. 60 in May 1995 and January 1999 respectively, and Ge-TS was added to these Schedules in January 2004 after we signed a contract with it to provide TDEC services. Tradelink was also included in Schedules 1 and 2 to Cap. 296 in 2003 before it launched its EMAN services. The existing Schedules of Cap. 60 and Cap. 296 are at Annex B.

Annex B

7. To tie in with the appointment of Ge-TS as an additional EMAN service provider and the appointment of new ETAS agents by Tradelink for its EMAN services, we need to update the lists of specified electronic services providers and specified electronic services agents through whom the relevant services can be provided by amending Schedules 1 and 2 to Cap. 296. Amendments to the Schedules to Cap. 60 are not necessary since Ge-TS and the six Chambers of Commerce concerned were already included.

### **THE NOTICE**

8. The Notice has been made by SCIT under section 2(3) of Cap. 296 to -

- (a) add Ge-TS to the list of specified electronic services providers in Schedule 1 to Cap. 296; and
- (b) add the six Chambers of Commerce in paragraph 5 above and Ge-TS to the list of specified electronic services agents in Schedule 2 to Cap. 296.

## **LEGISLATIVE TIMETABLE**

9. The Notice will be published in the Gazette on 28 April 2006, and tabled at the Legislative Council for negative vetting on 3 May 2006. As Ge-TS and the six Chambers of Commerce concerned are ready to launch their services for EMAN in June 2006 and in view of the mandatory use of EMAN services for ocean and river cargoes with effect from 16 June 2006, we propose that, subject to the negative vetting procedures, the Notice shall commence operation on 1 June 2006 to give the concerned parties some lead time to introduce their services before the date when the use of EMAN services becomes mandatory. The proposed commencement date will also enable the trading community to enjoy as soon as possible the benefits from more competition in the GETS market. We are only in a position to introduce the proposed amendments now as Ge-TS only confirmed with us its interest in providing EMAN services towards the end of 2005 and it took time to complete the necessary contract negotiations.

## **IMPLICATIONS OF THE PROPOSAL**

10. The Notice has no economic, environment, sustainability, financial or civil service implications. It is in conformity with the Basic Law, including the provisions concerning human rights. It will not affect the current binding effects of the principal legislation concerned and the Schedules being amended.

## **PUBLIC CONSULTATION**

11. We have informed all the carriers concerned of the appointment of an additional service provider for the provision of EMAN services. We have also informed the Panel on Commerce and Industry of the Legislative Council of the consequential legislative amendments.

## **PUBLICITY**

12. A spokesman will be available to handle enquiries. We will also issue a press release in early June to remind the industry of the mandatory use of EMAN services for ocean and river cargoes on 16 June 2006 and the appointment of additional service provider and ETAS agents in respect of EMAN services.

## **ENQUIRIES**

13. Enquiries on this brief should be referred to Mr. David Leung, Principal Assistant Secretary for Commerce, Industry and Technology (Commerce and Industry) at 2918 7575.

**Commerce and Industry Branch  
Commerce, Industry and Technology Bureau  
April 2006**

**RESERVED COMMODITIES ORDINANCE  
(AMENDMENT OF SCHEDULES 1  
AND 2) NOTICE 2006**

(Made by the Secretary for Commerce, Industry and Technology under  
section 2(3) of the Reserved Commodities  
Ordinance (Cap. 296))

**1. Commencement**

This Notice shall come into operation on 1 June 2006.

**2. Specified electronic services providers**

Schedule 1 to the Reserved Commodities Ordinance (Cap. 296) is amended  
by adding –

“2. Global e-Trading Services Limited”.

**3. Specified electronic services agents**

Schedule 2 is amended by adding –

“2. Federation of Hong Kong Industries

3. The Chinese General Chamber of Commerce

4. The Chinese Manufacturers' Association of Hong Kong

5. The Hong Kong General Chamber of Commerce

6. The Indian Chamber of Commerce Hong Kong

7. International Chamber of Commerce - Hong Kong, China

8. Global e-Trading Services Limited”.

**Secretary for Commerce, Industry and  
Technology**

**2006**

**Explanatory Note**

Under the Reserved Commodities Ordinance (Cap. 296), information required to be given electronically is to be given using a recognized electronic service. The purpose of this Notice is to amend Schedules 1 and 2 to the Ordinance to update the lists of specified electronic services providers and specified electronic services agents through whom the service can be provided.

**IMPORT AND EXPORT ORDINANCE (CAP 60)**

<b>Schedule Num:</b>	<b>2</b>	<b>Version Date</b>	<b>01/01/2004</b>
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**Heading SPECIFIED BODIES**

[sections 2 & 39]

1. Tradelink Electronic Commerce Limited
2. Global e-Trading Services Limited (Added L.N. 223 of 2003)  
(Added 30 of 1995 s. 17. Amended L.N. 586 of 1997)

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<b>Schedule Num:</b>	<b>3</b>	<b>Version Date</b>	<b>01/01/2004</b>
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**Heading SPECIFIED AGENTS**

[sections 2 & 39]

1. Tradelink Electronic Commerce Limited
2. Federation of Hong Kong Industries (Added L.N. 380 of 1998)
3. The Chinese General Chamber of Commerce (Added L.N. 380 of 1998)
4. The Chinese Manufacturers' Association of Hong Kong (Added L.N. 380 of 1998)
5. The Hong Kong General Chamber of Commerce (Added L.N. 380 of 1998)
6. The Indian Chamber of Commerce Hong Kong (Added L.N. 380 of 1998)
7. Dah Sing Bank, Limited (Added L.N. 71 of 2000)
8. International Chamber of Commerce-Hong Kong, China Business Council (Added L.N. 71 of 2000)
9. Global e-Trading Services Limited (Added L.N. 223 of 2003)  
(Added 30 of 1995 s. 17. Amended L.N. 587 of 1997)



## RESERVED COMMODITIES ORDINANCE (CAP 296)

<b>Schedule Num:</b>	1	<b>Version Date</b>	11/04/2003
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**Heading** SPECIFIED ELECTRONIC SERVICES  
PROVIDERS

[section 2]

1. Tradelink Electronic Commerce Limited  
(Schedule 1 added 24 of 2002 s. 3)

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<b>Schedule Num:</b>	2	<b>Version Date</b>	11/04/2003
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**Heading** SPECIFIED ELECTRONIC SERVICES  
AGENTS

[section 2]

1. Tradelink Electronic Commerce Limited  
(Schedule 2 added 24 of 2002 s. 3)