

LEGISLATIVE COUNCIL BRIEF

Import and Export Ordinance (Chapter 60)

IMPORT AND EXPORT (FEES)(AMENDMENT) REGULATION 2007

INTRODUCTION

At the meeting of the Executive Council on 6 February 2007, the Council ADVISED and the Chief Executive ORDERED that the Import and Export (Fees)(Amendment) Regulation 2007 (the Amendment Regulation) at Annex A should be made under section 31 of the Import and Export Ordinance (Cap. 60) in order to introduce a price differential between lodging paper and electronic notifications under the Textiles Trader Registration Scheme (TTRS).

JUSTIFICATIONS

2. Under the current fee structure, textiles traders registered under TTRS are required to pay an annual registration fee of \$2,825. Thereafter they may lodge textiles notifications either in paper or electronic mode. The costs of lodging paper or electronic notifications are at present the same – for a paper notification, textiles traders need to purchase a form from the Trade and Industry Department (TID) at \$0.5; for an electronic notification, they need to pay the service provider of the e-TTRS service a message fee of \$0.5. The current TTRS fee structure does not provide any financial incentive for textiles traders to use the electronic service. Since the launching of the electronic service, the utilization rate has remained low at about 12%.

3. We propose to introduce a new fee structure to provide financial incentive for textiles traders to switch to the use of the electronic service. The proposal is as follows –

- (a) the annual registration fee payable by the textiles traders registered under TTRS to TID will be reduced from \$2,825 to \$718;
- (b) TID will charge traders a new fee of \$3.8 (i.e. the price differential between lodging a paper and an electronic notification) for each paper notification lodged, on top of the \$0.5 for each paper form; and
- (c) TID will not charge any fee for electronic notifications. The service provider will continue to charge a message fee of \$0.5 for each electronic notification.

4. In proposing the above new TTRS fee structure, we have taken into account –

- (a) the Government's general policy of introducing a price differential to encourage migration to a paperless environment and work flow;
- (b) the usual Government costing principles including that of setting fees on a cost-recovery basis, specifically –
 - (i) the difference in the costs of processing paper and electronic notifications; and
 - (ii) the revised manpower and resources for TTRS since 2005. Upon the global elimination of textiles quotas in 2005, we have streamlined our textiles licensing arrangement and modified the scope of TTRS.

5. Under the new fee structure, textiles traders who lodge all TTRS notifications in electronic mode will pay less irrespective of their transaction volume. Only those who choose to lodge more than 550 TTRS notifications in paper mode per annum will pay more. Based on information available in 2005, it is our rough estimate that more than 90% of the textiles traders lodge less than 550 notifications a year. Hence, we envisage that most TTRS registrants would pay less under the proposed new fee structure. Those textiles traders who lodge a large number of paper notifications will benefit

from the new fee structure if they switch to the electronic mode as a result of the financial incentive provided under the new fee structure.

THE AMENDMENT REGULATION

6. The Amendment Regulation seeks to –
- (a) reduce the annual TTRS registration fee for any period beginning on or after the commencement date of the Amendment Regulation from \$2,825 to \$718, by amending **item 13** of the **Schedule** to the Import and Export (Fees) Regulations (Cap. 60 sub. leg. B)(the Fees Regulations) ; and
 - (b) specify that textiles traders who register under TTRS or renew their TTRS registration on or after the commencement date of the Amendment Regulation will be required to pay a new fee of \$3.8 for each notification lodged on paper, by adding a **new item 13A** to the **Schedule** to the Fees Regulations.
7. The text of the existing provisions being amended is at Annex B.

LEGISLATIVE TIMETABLE

8. The Amendment Regulation will be published in the Gazette on 16 February 2007. The Amendment Regulation will then be laid on the table of the Legislative Council (LegCo) on 28 February 2007 for negative vetting. We shall bring the Amendment Regulation into operation as soon as the related administrative arrangements have been put in place.

IMPLICATIONS OF THE AMENDMENT REGULATION

9. The proposal would be cost-neutral to the Government as we have taken into account the principle of cost recovery in proposing the fee level under the new TTRS fee structure. Specifically, we estimate that the gross annual revenue to the Government under the new fee structure would be in

the region of \$28 million¹ which would meet the staffing and related costs for registration of textiles traders and processing the TTRS notifications lodged. The Amendment Regulation has no significant economic, environmental or sustainability 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 regulations being amended.

PUBLIC CONSULTATION

10. Both the Textiles Advisory Board² and the Textile Council³ indicated support for the proposal. We consulted the LegCo Panel on Commerce and Industry on 21 November 2006 and the Panel was in principle supportive of the proposal. We also note the findings of a survey of over 6 000 small and medium enterprises which indicated that those surveyed expressed no objection to the proposal.

BACKGROUND

11. To promote electronic commerce, the Government has since 1997 introduced the Government Electronic Trading Services (GETS)⁴. The GETS platform allows the trading community to submit to the Government, by electronic means, a number of official trade-related documents including TTRS notifications.

12. TTRS is a licence exemption scheme. In lieu of applying for consignment-specific textiles licences, textiles traders registered under TTRS are allowed to lodge textiles notifications to TID for imports and exports of textiles shipments covered by TTRS. The service for lodging electronic

¹ The gross revenue is estimated on the assumption of a 40% utilization rate of the electronic service under the new fee structure and that the number of registered textiles traders remains at more or less the present level (i.e. about 18,000).

² The Textiles Advisory Board advises the Government on any matter, other than labour matters, which affects the textiles and garment industries.

³ The Textile Council is a body representing major textiles and clothing associations in Hong Kong.

⁴ GETS refers to the front-end services of collecting data electronically from traders and carriers, validating such data and transmitting them to the Government.

notifications was launched in May 2003 upon the coming into effect of the Import and Export (General) (Amendment) (No.2) Regulation 2003.

13. Prior to 2005, the scope of TTRS mainly covered textiles shipments to markets which did not impose quantitative restrictions on Hong Kong's textiles exports. Since global textiles quota was eliminated in 2005, the scope of TTRS has been modified to cover sensitive markets, namely textiles imports from and exports to the Mainland, and textiles exports to the United States and the European Union⁵. Given our geographical proximity to and close economic integration with the Mainland, Hong Kong needs to stay vigilant in monitoring our T&C exports and to maintain a credible textiles control system to guard against circumvention of the importing economies' control on the Mainland's textiles products in the guise of Hong Kong products. We have therefore decided that TTRS should be retained until at least 2008 and shall review its future having regard to such factors as changes in the global trading environment and any safeguard measures invoked by World Trade Organization members.

ENQUIRIES

14. Enquiries about this brief should be referred to Mr David Leung, Principal Assistant Secretary for Commerce, Industry and Technology (Commerce and Industry), on telephone number 29187575.

Commerce and Industry Branch
Commerce, Industry and Technology Bureau
14 February 2007

⁵ In accordance with the terms of China's accession to the WTO, the Mainland continues to be subject to two special time-limited safeguard mechanisms: the special textiles safeguards which will last until 2008 and the product-specific safeguards which will last until 2013. Under this mechanism, the United States and the European Union have invoked quantitative restrictions on the Mainland's T&C products.

**IMPORT AND EXPORT (FEES) (AMENDMENT)
REGULATION 2007**

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

1. Commencement

This Regulation shall come into operation on a day to be appointed by the Director-General of Trade and Industry by notice published in the Gazette.

2. Prescribed fees and manner of payment

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

“(2A) The fee set out in item 13A of the Schedule shall be paid before the delivery of an import notification, an export notification or a transshipment notification under the Import and Export (General) Regulations (Cap. 60 sub. leg. A).”.

3. Scale of fees

The Schedule is amended –

(a) in item 13 –

(i) by repealing “1 July 1993” and substituting “the date of commencement of the Import and Export (Fees)(Amendment) Regulation 2007 (L.N. of 2007)”;

(ii) by repealing “2,825” and substituting “718”;

(b) by adding –

“13A. Where an import notification, an export notification or a transshipment notification is delivered on paper under the Import and Export (General)

Regulations (Cap. 60 sub. leg. A) by a person –

- (a) who is registered as a textiles trader on or after the date of commencement of the Import and Export (Fees)(Amendment) Regulation 2007 (L.N. of 2007); or
- (b) who renews his registration as a textiles trader on or after the date of commencement of the Import and Export (Fees) (Amendment) Regulation 2007 (L.N. of 2007) 3.80”.

Clerk to the Executive Council

COUNCIL CHAMBER

2007

Explanatory Note

This Regulation amends the Import and Export (Fees) Regulations (Cap. 60 sub. leg. B) so as to –

- (a) reduce the annual fee payable on or after the date of commencement of this Regulation by a person who is registered as a textiles trader under the Import and Export (General) Regulations (Cap. 60 sub. leg. A) (“the Regulations”); and
- (b) provide for the fee that is payable where an import notification, an export notification or a transshipment notification is delivered on paper under the Regulations.

Annex B

Chapter:	60B	IMPORT AND EXPORT (FEES) REGULATIONS	Gazette Number	Version Date
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Regulation:	2	Prescribed fees and manner of payment	L.N. 156 of 2004	01/01/2005
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(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 12 and 13 of the Schedule pro rata on a monthly basis- (L.N. 156 of 2004)

(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)(Repealed L.N. 156 of 2004)

(4) In calculating the fees payable under paragraph (3)- (L.N. 247 of 2003; L.N. 156 of 2004)

(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	IMPORT AND EXPORT (FEES) REGULATIONS	Gazette Number	Version Date
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Schedule:		SCHEDULE	L.N. 50 of 2006	15/05/2006
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[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 consignment specific export licence (Form 4 TIC 353) (L.N. 315 of 1984; L.N. 129 of 1989; L.N. 160 of 1992; L.N. 156 of 2004)	56
(ii)-(v) (Repealed L.N. 156 of 2004)	
(vi) (Repealed L.N. 484 of 1996)	
(vii) application for issue of consignment specific import licence (Form 7 TRA 23) (L.N. 315 of 1984; L.N. 129 of 1989; L.N. 156 of 2004)	40
(viii) (Repealed L.N. 189 of 1993)	
(ix)-(xi) (Repealed L.N. 156 of 2004)	
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. (Repealed L.N. 156 of 2004)	
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 2001)	3003
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	660
	(ii) in the case of a registered rough diamond trader renewing his registration	435
	
	(b) issue of import licence	160
	(c) issue of export licence (L.N. 180 of 2002; L.N.	170

50 of 2006)

(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)