

For information

Legislative Council Panel on Commerce and Industry

**Outcome of the Tender Exercise for
the Government Electronic Trading Services post-2009**

PURPOSE

This paper briefs Members on the outcome of the tender exercise for the provision of Government Electronic Trading Services (GETS) from January 2010 to December 2016.

BACKGROUND

2. GETS refer to the electronic service platform through which the trading community submits six commonly used trade documents¹ to the Government. These documents are required for the purposes of customs control, trade declaration, trade control and statistics compilation.

3. Currently, there are two service providers² appointed by the Government, viz. Tradelink Electronic Commerce Limited (Tradelink) and Global e-Trading Services Limited (Global). Tradelink is providing services for all the six documents while Global the three most common documents (namely, import and export declaration (TDEC), dutiable commodities permit (DCP) and electronic manifest (EMAN)). Their service contracts will end on 31 December 2009.

¹ These documents are (a) import and export declaration, (b) dutiable commodities permit, (c) electronic manifest, (d) certificate of origin, (e) production notification, and (f) notifications under the Textile Trader Registration Scheme.

² GETS service providers are responsible for collecting data electronically from traders/ carriers, confirming their identity, validating and transmitting the data to the Government's backend systems. To cater for the needs of some traders, they are also required to provide services for converting paper into electronic submissions for transmission to the Government.

ARRANGEMENTS FOR THE NEXT CONTRACT

4. At the Panel meeting on 20 November 2007, we consulted Members about the proposed arrangements for the provision of GETS post-2009 (ref : LC Paper No. CB(1)243/07-08(05)). Members agreed that we should award the new contract through open tender and continue to allow the participation of multiple service providers³ for the next contract period to strike a balance between service reliability and sustainability as well as fair and effective competition.

5. Members endorsed the inclusion of certain proposed improvements in the next contract, including addition of new pro-competition measures and technical enhancements such as standardization and harmonization of data format.

6. Members also agreed that we should consider providing a longer contract period (currently pitched at 5 years) to allow successful tenderers more room to absorb the costs that may arise from new improvement measures while maintaining quality services at competitive prices.

THE TENDER

7. We debriefed the major chambers of commerce in December 2007 on the changes before finalizing the tender document in the first quarter of 2008.

8. We launched an open tender exercise in April 2008. In the tender document, bidders are required to provide services for the three most common documents (“mandatory services”), namely TDEC, DCP and EMAN. They may consider providing services for the remaining three documents (“optional services”), namely certificate of origin (CO), production notification (PN), and notifications under the Textile Trader Registration Scheme (TTRS). Having considered Members’ views in paragraph 6 above, we have pitched the contract period at 7 years.

9. The Government is to pay a nominal fee of \$1 to each successful bidder. The appointed service providers will recover the costs of system development and day-to-day services through charging the trading

³ More specifically, it was agreed that we should allow room for appointing up to 3 service providers, subject to market response.

community. Bidders are required to stipulate the ceilings of the service charges in the tender which would become binding during the contract period. The successful bidders will decide the actual charging levels so long as these do not exceed the ceilings, but are required to publish their service charges for traders' information.

10. On the technical improvements, the prospective service providers are required to standardize the data format of TDEC (which is the most common GETS document and accounts for 90% of the total volume) with the data format of the document for the future Road Cargo System⁴, and to provide a data inheritance function between these two documents. This would help minimize traders' data input efforts. The service providers also need to provide a function that enables traders to retrieve their archived data for reuse for other purposes. This would improve data portability. The costs of implementing these measures will be borne by the service providers.

OUTCOME OF THE TENDER EXERCISE

11. The three successful bidders are Tradelink, Global and a new service provider, namely Brio Electronic Commerce Limited (Brio). While all three of them will be providing the mandatory services (paragraph 8 refers), Tradelink and Brio will also provide services for CO and PN.

12. None of the bids for TTRS conforms with our requirements. The bidders may not consider it worthwhile to invest in technical improvements for this segment of the GETS market, as the need for this document would dwindle with the termination of the textile controls imposed by the European Union and relaxation by the United States on Mainland's textiles and clothing products. To provide a service for receiving notifications under TTRS, we would carry out a quotation exercise without requiring the technical improvements (paragraph 10 refers). We hope to complete this exercise by April 2009.

⁴ The Road Cargo System (ROCARS) is a system being developed which provides the electronic infrastructure for facilitating customs clearance of road cargoes as well as the movement of transshipment cargoes that involve inter-modal transfer (e.g. from land to air).

WAY FORWARD

13. We will issue a press release announcing the appointment of the three service providers. We will brief the trading community on the new GETS arrangements post-2009 at the earliest opportune time. We will also work with the service providers to publicise the new technical features in paragraph 10 above.

Commerce and Economic Development Bureau
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