

**For information**

**Legislative Council Panel on Commerce and Industry**

**Preparations for the mandatory use of  
the electronic Road Cargo System**

**PURPOSE**

This paper updates Members on the concerted efforts that are being made by the Administration and the industry in preparing for the forthcoming mandatory use of the electronic Road Cargo System (ROCARS)<sup>1</sup>.

**BACKGROUND**

2. We last briefed the Panel on this subject in May 2010 (ref : LC Paper No. CB(1)1877/09-10(01)). The Secretary for Commerce and Economic Development has appointed 17 May 2010 as the day on which the Import and Export (Amendment) Ordinance 2007 will come into operation. As such, the use of ROCARS will become mandatory on 17 November 2011, after a transitional period of 18 months. Apart from providing a clear target for all parties concerned, this reflects the broad consensus that we have reached with the industry that this should give them sufficient time to adjust their mode of operation, train up their staff and/or prepare their information technology systems, as necessary.

**ENCOURAGING MIGRATION**

3. The Customs and Excise Department (C&ED) rolled out the system in May 2010. C&ED has since been taking various measures to stimulate migration to and use of the system. The Department has gradually intensified its publicity and related efforts. Additional

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<sup>1</sup> Under ROCARS, cargo information is submitted by shippers or their agents to the Customs and Excise Department (“C&ED”) electronically in advance, before a laden truck arrives at the land boundary. This enables C&ED to conduct risk profiling on cargo consignment for determining beforehand whether the truck should be inspected. As such, cross-boundary trucks, except those selected for inspection, would enjoy seamless customs clearance at the land boundary.

resources have also been devoted to that end. Details are set out at the **Annex**.

4. We have also maintained close liaison with the industry<sup>2</sup>. They are generally forthcoming in helping us publicise and encourage wider use of the system. Thus far, the industry has not indicated any technical difficulties in using the system. The truckers also consider the system easy to use.

### **LATEST POSITION**

5. As at 17 July 2011, out of the 3 500 high and medium volume users<sup>3</sup>, some 2 700 have registered. Besides, of the 14 400 active truckers<sup>4</sup>, some 8 100 have also become registrants.

### **MANDATORY USE OF ROCARS IN MID-NOVEMBER 2011**

6. In the run up to the end of the transitional period, C&ED will further intensify its promotion efforts, leveraging on the assistance of industry associations and related parties where appropriate :

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<sup>2</sup> For shippers/agents, we have liaised with associations including the American Chamber of Commerce, the Chinese General Chamber of Commerce, the Chinese Manufacturers' Association of Hong Kong, the Federation of Hong Kong Industries, the Hong Kong Association of Freight Forwarding and Logistics, the Hong Kong General Chamber of Commerce, the Hong Kong Logistics Association, the Hong Kong Shippers' Council and the Indian Chamber of Commerce of Hong Kong.

As regards truck drivers, we have maintained contacts with organisations including the Container Transportation Employees General Union, the Container Truck Drivers Union, the Hong Kong Container Drayage Services Association, the Hong Kong Container Tractor Owner Association, the Hong Kong Guangdong Transportation Association, the Hong Kong - Guangdong Transportation Drivers and Employees Association, the Hong Kong (Cross Border) Transportation Drivers' Association, the Kowloon Truck Merchants Association, the Lok Ma Chau China - Hong Kong Freight Association, the Motor Transport Workers General Union and the Organization of Hong Kong Drivers.

<sup>3</sup> Together, these high and medium volume users (including shippers and agents) are expected to account for more than 70% of the total ROCARS submissions.

<sup>4</sup> According to the Transport Department, there are a total of 15 300 holders of closed road permits for cross-boundary trucks. Of them, we estimate that about 14 400 are active truckers, i.e. those who make ten cross-boundary trips or more in a month.

- (a) more assistance to the industry : a new resource centre would be opened shortly to provide one-stop service including training, registration and enquiry. From October 2011, more mobile registration centers will be provided at the land boundary points. Extra officers will be deployed to man the 24-hour enquiry hotline as the number of calls from the industry is expected to increase;
- (b) encouraging usage by major users : while most key users have registered, C&ED will encourage them to try using the system more in the interest of ensuring a smooth switch-over when use of the electronic system is made mandatory;
- (c) sending further reminders : from October 2011, special broadcast messages reminding industry stakeholders of the imminent mandatory use of the system and consequences of non-compliance will be made through various means, including TV, radio, newspapers, website and hotlines etc.;
- (d) co-operation with the Mainland : C&ED will continue to work with the Mainland Customs in organising more seminars and publicity arrangements to help ensure that the message is put across to cross-boundary truck drivers; and
- (e) more intensive encouragement measures : C&ED will use appropriate means to get in touch with individual unregistered truckers. For example, C&ED is now distributing publicity pamphlets to truckers passing through the land boundary. Where necessary, C&ED may, nearer the time, stop unregistered truckers to urge them to register, in the interest of avoiding substantive delay in the clearance process when the use of the system becomes mandatory.

7. On the basis of the current registration pattern, C&ED projects that all the shippers/agents who are high and medium volume users would have been registered by mid-October 2011. According to C&ED's estimates, these would include some 600 agents who may help shippers make ROCARS submissions. By the end of the transitional period, over 90% of the active truckers would have become registrants.

8. We recognise that there might still be a small number of unregistered industry players at the time when use of the system becomes mandatory. C&ED staff would be available at the land boundary points etc. to provide instant registration service and assist in the submission of ROCARS data.

9. On the IT infrastructure itself, C&ED has been carrying out various tests, including “stress tests” to ensure that it could handle the large number of ROCARS submissions electronically when use of the system is made mandatory.

### **CONTINGENCY ARRANGEMENTS**

10. Similar to the case for other major IT systems, C&ED is drawing up a contingency plan to cater for any possible hiccups after the system is in full use. In particular, a command centre would be established at the land boundary points near the date of mandatory use to oversee the overall situation and handle contingency actions as necessary, including regulation of traffic flow.

### **WAY FORWARD**

11. In the run up to the end of the transitional period, C&ED will continue to assist the industry and keep up its efforts to facilitate migration and usage. We will continue to monitor the situation closely.

Commerce and Economic Development Bureau  
Customs and Excise Department  
July 2011

**Efforts of the Customs and Excise Department  
in encouraging migration to the Road Cargo System**

To encourage migration to the system, the Customs and Excise Department (C&ED) has been taking actions on the following fronts since late 2009 :

- (a) outreaching efforts : C&ED originally planned to visit some 3 500 companies. In the event, the Department has thus far visited over 5 200 companies, articulating to them the benefits of switching early to ROCARS and assisting them in getting registered as users. C&ED is now making an additional round of visits to some 1 000 potential agents who may help shippers make ROCARS submissions;
- (b) publicity : publicity through various channels has gradually been stepped up, including dedicated website, TV and radio announcements, promotional leaflets/banners and briefing seminars. To enhance the impact, C&ED has also leveraged on the assistance of trade associations and other departments (such as the Transport Department) in publicising the system;
- (c) facilitating registration/enquiries : C&ED runs a total of 16 registration/enquiry centres across the territory to provide assistance to the industry. It also operates a 24-hour hotline. To provide added convenience, C&ED has put in place at the land boundary points mobile registration centres from March 2011, successfully helping some 3 600 drivers to register so far. Another two such mobile centres will come into operation in October 2011;
- (d) training : more than 170 briefing seminars and training sessions have so far been organised, attracting over 3 600 industry stakeholders. C&ED will continue to provide training throughout the transitional period and, if necessary, six months after the mandatory implementation of ROCARS. E-learning packages are also available on the ROCARS website. The first training centre was set up in Kwun Tong in December 2009. To provide more training opportunities, C&ED will open two more training centres in the near future;

- (e) co-operation with the Mainland : C&ED has sought the assistance of the Mainland Customs as well as trade associations on the Mainland in publicising the scheme. Seminars have also been organised for Mainland transportation companies whose staff may need to submit ROCARS information; and
- (f) facilitation measures : in November 2010, C&ED rolled out new measures to facilitate the passage of transshipment cargoes which involve inter-modal transfer (e.g. from land to air/sea)<sup>1</sup> as planned. This provides additional incentive for migration to ROCARS. C&ED is improving the workflow to enhance user friendliness.

Customs and Excise Department  
July 2011

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<sup>1</sup> Hitherto, such transshipment cargoes may be subject to customs inspection at both the land boundary and the Airport/container terminals. Under C&ED's facilitation scheme, for traders using ROCARS and certain tracking devices prescribed by C&ED, such cargoes will only be subject to customs inspection at either the point of exit or entry.