

For discussion on
28 February 2000

Legislative Council Panel on Economic Services

TERMINAL HANDLING CHARGES

PURPOSE

The purpose of this paper is to inform Members of the progress in the discussion between the Government, liner conferences, shippers, and container terminal operators on the Terminal Handling Charges (THC) issue.

BACKGROUND

2. The Economic Services Panel last discussed the Hong Kong shippers' concern about the high THC levels in Hong Kong and the lack of transparency and consultation with shippers when THCs are adjusted by liner conferences on 28 June 1999. Members were informed that following a number of meetings convened by the Economic Services Bureau representatives of the key liner conferences, namely the Far Eastern Freight Conference (FEFC), the Transpacific Stabilisation Agreement (TSA), and the Intra-Asia Discussion Agreement (IADA) had agreed to enter into discussions with the Hong Kong Shippers' Council on the cost components of the Terminal Handling Charges and extension of the formal notification period for adjustment to THC levels.

3. Since then the Hong Kong Shippers' Council have held a meeting with the TSA Carrier Committee on 1 September 1999. The carriers agreed to extend the notification period on rate adjustments, including THC from the current 30 days to 45 – 60 days. In addition they agreed to forward the cost components of THC which were sent to the Hong Kong Shippers' Council on 18 October 1999. The carriers also continued their freeze on THC which had been in place since May 1998.

4. More recent discussions between the Hong Kong Shippers' Council and the TSA have led to an understanding that it is unlikely there will be any increase in THC this year provided there are no major changes on cost factors such as increase in container terminal tariffs over the period. The shippers and carriers are continuing to discuss outstanding issues including whether in the longer term the THC can be incorporated into the freight rate.

5. The Administration has been maintaining a constructive dialogue between the shippers, the liner conferences and the container terminal operators to seek to address their concerns. Through these discussions the liner conferences have agreed to freeze the THC level since May 1998 with the likelihood that this will continue in 2000. Measures are in place to improve consultation between the liner conferences and the shippers on future adjustments of THCs.

Economic Services Bureau
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