

**Legislative Council Panel on Commerce and Industry**  
**Electronic Submission of Cargo Manifests**

**Purpose**

This paper seeks Members' views on the Government's intention to proceed with mandating the use of the services for electronic submission of cargo manifests in respect of ocean and river cargo manifests in June 2006.

**Background**

2. Under the Import and Export Ordinance, all carriers are required to send manifests of the cargoes they carry to the Customs and Excise Department, Census and Statistics Department, and Trade and Industry Department. These cargo manifests constitute an important kind of trade document for the purpose of customs clearance, compilation of trade statistics and import and export licensing control. Given the large volume of manifests lodged by carriers, the traditional paper-based method of submission and processing of cargo manifests is labour intensive, time consuming and inefficient for both cargo carriers and the Government departments concerned. This manual mode of operation is also at odd with the international trend of electronic commerce.

3. To promote electronic commerce, improve efficiency and reduce the use of paper, the Government has since 1997 introduced Government Electronic Trading Services (GETS)<sup>(Note 1)</sup> for the trading community to submit to the Government by electronic means a number of official trade-related documents including cargo manifests. The services for electronic submission of cargo manifests (EMAN services) in respect of air, rail, river and ocean modes of transport were launched in April 2003 upon the coming into effect of the Import and Export (Electronic Transactions) Ordinance 2002 (the Ordinance). To allow time for the affected parties to get ready for electronic submission, the Ordinance

---

<sup>(Note 1)</sup> GETS refers to the front-end services of collecting data electronically from traders and carriers, validating such data and transmitting them to the Government.

provides for a transitional period during which carriers may submit cargo manifests in either paper or electronic form (the transitional period). The transitional period began on 11 April 2003 and will end at midnight on a day to be specified by the Commissioner of Customs and Excise (the Commissioner) and the Director-General of Trade and Industry (the Director) by publishing notices in the Gazette.

4. Recognizing the fact that carriers in different modes of transport may adjust to using EMAN services at different paces having regard to their respective operational practices, we have built in the Ordinance the flexibility of specifying different end dates for the transitional period for different modes of transport. Such notices to be published by the Commissioner and the Director constitute subsidiary legislation and are subject to negative vetting by the Legislative Council.

5. Having consulted the air and rail carriers concerned and this Panel at its meeting on 23 April 2004, we already specified 16 July 2004 as the end date of the transitional period for air and rail cargo manifests. We also informed the Panel then that ocean and river carriers would need more time to resolve the outstanding technical and operational issues before full migration to EMAN services could be achieved.

### **Benefits of EMAN Services**

6. The EMAN services for air and rail modes of transport have been operating smoothly since the end of the transitional period in July 2004. We believe that air and rail carriers have achieved efficiency gains by submitting cargo manifests electronically to the Government through a service provider, instead of having to print and arrange for the delivery of three sets of paper manifests to the government departments concerned. The electronic submission of cargo manifests has also enabled the government departments concerned to streamline their processing of cargo data and share the necessary information among them, thereby enhancing the overall efficiency of cargo clearance, compilation of trade statistics and import and export licensing control.

7. The provision of an electronic system for the submission of cargo manifests is part and parcel of the Government's overall strategy to improve cargo clearance and keep up with the international trend of electronic submission and processing of cargo data so as to maintain Hong Kong's competitiveness as an international trading centre and logistics hub. The ocean and river modes of transport account for about 60% of the cargo manifests lodged by all modes of transport covered by the EMAN system<sup>(Note 2)</sup>. Hence, early migration of ocean and river carriers to the use of EMAN services is crucial for the realization of the full benefits of the EMAN system.

### **Readiness of Ocean and River Carriers**

8. Currently, there are about 450 ocean and river carriers of different sizes in operation. In order to use EMAN services, they need different levels of IT application having regard to their individual circumstances such as volume of manifests lodged and operational mode. While low volume carriers may prefer making use of the Electronic Trading Access Service (ETAS)<sup>(Note 3)</sup>, high volume carriers may opt to adopt IT solutions at different level of sophistication to best suit their business and operational needs. In this respect, we understand that the majority of the members of the Hong Kong Liner Shipping Association (HKLSA)<sup>(Note 4)</sup> have opted to use relatively more sophisticated IT solutions in view of the large volume of cargo manifests that they submit.

9. To assist ocean and river carriers to migrate fully to EMAN services, both the Government and the existing service provider of EMAN services have engaged in on-going dialogues with the major representative associations<sup>(Note 5)</sup> since the commencement of the transitional period. Through the constructive and cooperative efforts of

---

<sup>(Note2)</sup> The road mode of transport is not covered by the EMAN system at this juncture, having regard to the unique operating environment of this mode of transport.

<sup>(Note3)</sup> ETAS is provided by the GETS service providers whereby traders' paper form submissions are converted into electronic form submissions for onward delivery to the Government.

<sup>(Note4)</sup> The Hong Kong Liner Shipping Association represents over 30 ocean liners which submit about 20% of the ocean/river cargo manifests received by the Government.

<sup>(Note5)</sup> The Hong Kong Liner Shipping Association, the Guangdong and Hong Kong Feeder Association, the Hong Kong Sea Transport and Logistics Association, the Hong Kong Cargo Vessel Traders' Association, and the Hong Kong Association of Freight Forwarding and Logistics.

all concerned, we believe that all the major technical and operational issues of EMAN services have been satisfactorily resolved and two rounds of trial run were launched in 2005 for the parties concerned to test their IT applications/solutions for EMAN services in a full operation environment. The results of these trial runs were satisfactory.

10. The take-up rate of EMAN services by ocean and river carriers has also been increasing from around 4% in early 2005 to over 7% in December 2005. On the basis of our previous experience, we expect the take-up rate to continue to rise steadily in the run up to a specified end date of the transitional period. During the same period, the number of carriers which have registered with the existing service provider has reached over 220. The other carriers which have not yet registered intend to either use ETAS in view of the relatively low volume of manifests to be submitted, or adopt simple IT solution through direct input of data into the EMAN system when the transitional period ends.

### **Proposed End Date of Transitional Period**

11. Subject to the completion of the necessary legislative procedures, we propose to end the transitional period for ocean and river cargo manifests in June 2006 for the following reasons:

- (a) the two rounds of trial run have shown that no major technical and operational issues remain outstanding;
- (b) we have informed all ocean and river cargo carriers the Government's plan to proceed with mandating the use of EMAN services and they have raised no objection to the proposed timeframe. Specifically, the HKLSA has recently advised us that their members should be ready for full migration before the proposed end date ; and
- (c) in line with the arrangements for other trade documents which have to be submitted electronically, carriers have the option of using ETAS.

12. Subject to Members' views, we shall proceed to publish the necessary notices to end in June 2006 the transitional period for ocean and river cargo manifests.

Commerce and Industry Branch  
Commerce, Industry and Technology Bureau  
January 2006