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Panel on Commerce and Industry

Meeting on 17 March 2009

Background brief on the implementation of the Road Cargo System

Purpose

This paper provides the background to the implementation of the Road Cargo System (ROCARS) and also a summary of views and concerns expressed by the Panel on Commerce and Industry (the Panel).

Background

- 2. At present, Hong Kong has the necessary electronic infrastructure for customs clearance of cargoes carried by different modes of transport, except the road mode. It is necessary to fill this gap by constructing the ROCARS so to keep abreast with global, regional and national developments in moving towards electronic customs clearance. This could also enable the industry stakeholders to submit electronic advance cargo information (e-ACI) to the Customs and Excise Department (C&ED) for adequate risk profiling of road cargoes. With a view to developing trade, the Financial Secretary announced in the 2007-2008 Budget the construction of an e-ACI system to provide a seamless system for the movement and customs clearance of road cargoes.
- 3. After consulting the Panel, the Administration introduced on 18 April 2007 the Import and Export (Amendment) Bill 2007 which seeks to provide the necessary regulation making powers for implementing the e-ACI. The Bill was passed on 23 May 2007. Following the approval of funding of \$178 million by the Finance Committee on 16 November 2007, C&ED called for tenders for developing the required IT and related infrastructure to implement the e-ACI. The tender has been awarded subsequently.

Discussion at the Panel on Commerce and Industry

4. At the meetings on 16 January and 16 October 2007, the Panel generally supported the implementation of the e-ACI for customs clearance of the ROCARS to allow cross-boundary trucks to enjoy seamless customs clearance at land boundary control points.

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- 5. Noting that the electronic customs clearance infrastructure of the Mainland Customs had already been in operation, the Panel considered that the Administration should implement the e-ACI as soon as possible to provide greater facilitation to cross-boundary cargo movement. To keep in pace with the international development, the Panel also urged the Administration to seriously consider early implementation of an electronic road cargo manifest system so as to obviate the submission of paper manifests by truck drivers and provide greater convenience to them. The Administration assured the Panel that it would pursue the implementation of the electronic manifest system as and when the conditions were ripe.
- 6. Members were of the view that the interests of traders, in particular small and medium enterprises (SMEs), should be safeguarded while implementing ROCARS. The Administration should consider imposing a requirement in the tender such that ROCARS could be compatible with Government Electronic Trading Services with a view to minimizing traders' efforts and time in inputting cargo information repeatedly among these systems. Members also reckoned that there was a need for back-up systems and contingency measures to ensure smooth cargo movement, as any delay in cross-boundary cargo consignments could cause economic loss to traders. In addition, adequate training should be provided to the cross-boundary truck drivers with a view to helping them acquire the necessary information and technology skills for using the electronic system.
- 7. The Administration assured members of its intention to standardize the format of data fields among the most commonly used trade documents, to maximize the potential of customs facilitation and to minimize the data input efforts of the industry, including SMEs. In addition to C&ED's standing practice to provide contingency plan for every computer system, the Administration would equip ROCARS with primary servers, resilience servers and off-site disaster recovery system to ensure the high serviceability of its operation. Outreach technical teams would also be set up within C&ED to actively approach relevant industries to assist them to register with ROCARs and to use the system as early as possible.

Latest position

8. The Administration will brief the Panel on 17 March 2009 on the proposed subsidiary legislation in keeping with the plan to roll out the ROCARS in the fourth quarter of 2009.

Relevant papers

<u>Information papers provided by the Administration for the Commerce and Industry Panel meeting on 16 January 2007</u>

http://www.legco.gov.hk/yr06-07/english/panels/ci/papers/ci0116cb1-694-4-e.pdf

Minutes of the Commerce and Industry Panel meeting on 16 January 2007 http://www.legco.gov.hk/yr06-07/english/panels/ci/minutes/ci070116.pdf

<u>Information papers provided by the Administration for the Commerce and</u> Industry Panel meeting on 16 October 2007

http://www.legco.gov.hk/yr07-08/english/panels/ci/papers/ci1016cb1-32-4-e.pdf

Minutes of the Commerce and Industry Panel meeting on 16 October 2007 http://www.legco.gov.hk/yr07-08/english/panels/ci/minutes/ci071016.pdf

<u>Information papers provided by the Administration for the Finance Committee</u> meeting on 16 November 2007

http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/f07-35e.pdf

Minutes of the Finance Committee meeting on 16 November 2007 http://www.legco.gov.hk/yr07-08/english/fc/fc/minutes/fc071116.pdf

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