

For information

Legislative Council Panel on Commerce and Industry

Launching of the electronic Road Cargo System

PURPOSE

This paper updates Members on the implementation of the Road Cargo System (“ROCARS”), an electronic platform developed to facilitate customs clearance of road cargoes.

BACKGROUND

2. We last briefed the Panel on this subject in March 2009 when we consulted Members on the proposed subsidiary legislation, namely the Import and Export (Electronic Cargo Information) Regulation (“the Regulation”) (ref : LC Paper No. CB(1)1008/08-09(06)). The Regulation prescribes the detailed system for mandatory submission of cargo information electronically in advance, including the roles of C&ED and different industry players, to facilitate customs clearance. The Regulation also sets a fixed transitional period of 18 months before ROCARS submissions are made mandatory.

3. Negative vetting of the Regulation by LegCo was completed in November 2009.

PREPARATION FOR SYSTEM LAUNCH

4. Development of the ROCARS-related IT infrastructure has been completed. Electronic ROCARS panels are installed at immigration kiosks of the land boundary control points (LBCPs) to allow drivers of goods vehicles to seek customs and immigration clearance at one go. Please see **Annex** for a description of the IT infrastructure and the steps involved in using the system.

5. We are now ready to launch the system.

Commencement of the Transitional Period

6. On 30 March 2010, the Secretary for Commerce and Economic Development made the Import and Export (Amendment) Ordinance 2007 (Commencement) Notice, appointing 17 May 2010 as the day on which the Import and Export (Amendment) Ordinance 2007 will come into operation¹. The commencement notice was gazetted on 9 April 2010, and tabled at LegCo on 14 April 2010 for negative vetting.

Trial Run

7. To allow industry stakeholders to familiarize themselves with the system early, C&ED has started trial runs since 29 March 2010.

8. To minimise the impact of any teething problems on vehicular flow at the LBCPs, sufficient Customs officers are deployed to monitor the situation. Should circumstances so warrant, frontline Customs officers at an LBCP will switch to the manual mode in the interest of ensuring smooth vehicular flow.

9. As of 9 May 2010, some 690 users (including shippers, agents and truck drivers) have registered with ROCARS. Operations of the trial runs have so far been smooth. Should any operational problems surface, C&ED and the Immigration Department will work together to sort them out. We would have at least two ROCARS lanes (one north-bound and one south-bound) ready at each LBCP when the transitional period starts on 17 May 2010. Additional ROCARS lanes will be brought in by phases during the transitional period, depending on factors including the take-up rate.

ENCOURAGING EARLY MIGRATION

10. To encourage early migration to the system, C&ED has been taking actions on the following fronts :

- (a) *Registration and Call Centre Services* : C&ED rolled out the services for user registration and 24-hour call centre (hotline number 3669-0000) in January 2010;

¹ Section 1 of the Regulation stipulates that the Regulation will commence 18 months after the Import and Export (Amendment) Ordinance 2007 comes into operation. Accordingly, the Regulation is to take effect on **17 November 2011**. In other words, submissions by ROCARS for all imports and exports of road cargo will become mandatory from that date onwards.

- (b) *Publicity* : publicity has been launched through various channels, including a dedicated ROCARS website (www.rocars.gov.hk), TV and radio announcements and promotional leaflets etc;
- (c) *Training* : some 50 briefing seminars and training sessions have so far been organized for the industry, attracting over 1 120 participants. Training will continue throughout the transitional period and, if necessary, six months after ROCARS submissions have become mandatory. E-learning packages are also available on the ROCARS website; and
- (d) *Outreach efforts* : Outreach teams set up by C&ED have been helping individual companies, especially high and medium volume users, to migrate to ROCARS early. So far, C&ED has visited more than 90 companies.

OTHER RELATED DEVELOPMENTS

(a) Harmonizing with Mainland System

11. The Mainland Customs is developing an electronic system for receiving road cargo manifests. It is likely that electronic submissions will be made mandatory in 2011. In developing ROCARS, C&ED has reached agreement with the Mainland Customs to align the format for data fields common to both sides, by making reference to the data model prescribed by the World Customs Organization. This would reduce traders' data input efforts.

(b) Facilitating Inter-modal Transshipment

12. ROCARS will provide added room for C&ED to facilitate the passage of transshipment cargoes which involve inter-modal transfer (e.g. from land to air/sea). At present, transshipment cargoes may be subject to customs inspection at both the LBCP **and** the Airport/container terminals. In future, 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.

13. Subject to consultation with the industry, we plan to introduce the facilitation measures in October 2010. This should offer further incentives for early migration to ROCARS.

WAY FORWARD

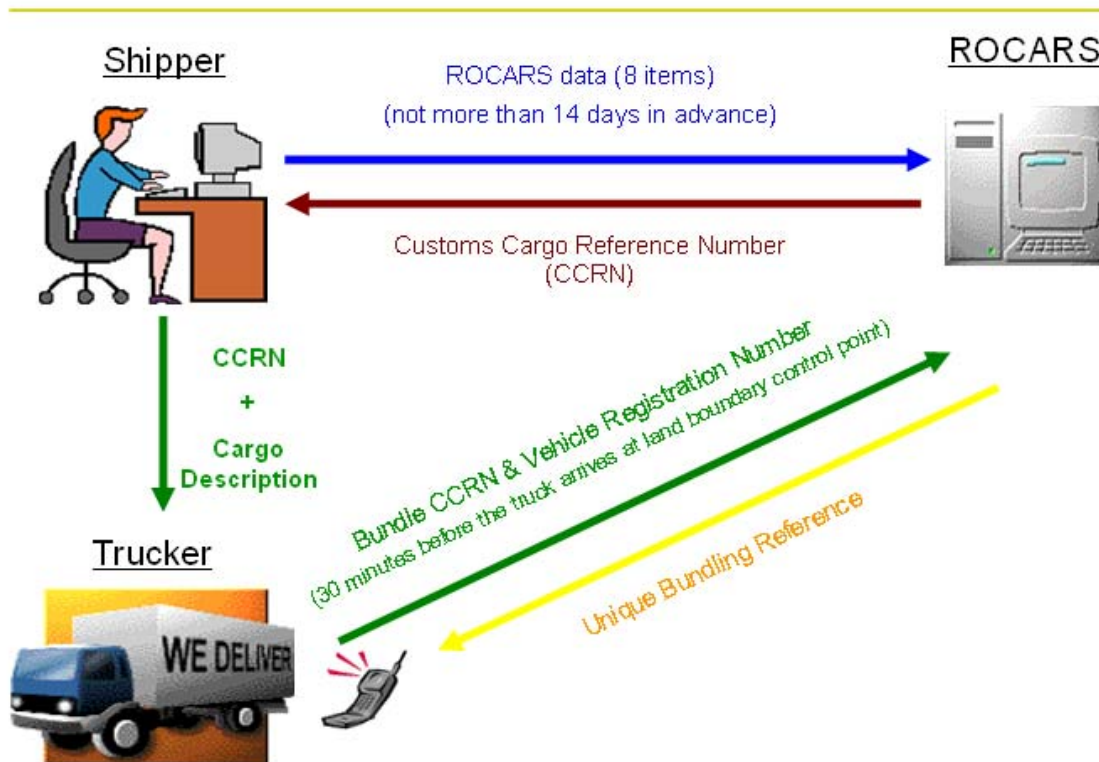
14. After commencement of the transitional period for ROCARS, we will closely monitor the take-up rate. C&ED is endeavouring to attract high and medium volume users (who account for about 70% of the estimated submissions) to use ROCARS within the first nine months of the transitional period. The Department will put in extra efforts in this regard should circumstances in the run up to the end of the transitional period so warrant.

15. We will update Members on the migration process as appropriate.

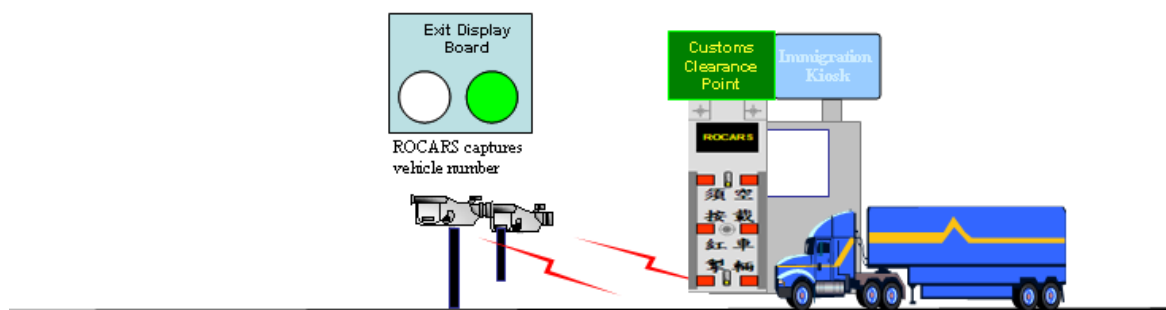
Commerce and Economic Development Bureau
Customs and Excise Department
May 2010

ROCARS IT Infrastructure and key steps for using the System

ROCARS Information Flow



Seamless Customs clearance at land boundary control points



Customs and immigration clearance at one go

The key steps for using the system are as follows –

- (a) a shipper or a freight forwarder provides a pre-defined set of cargo information to C&ED electronically through ROCARS before the cargo consignment enters or exits Hong Kong by truck;
- (b) as an acknowledgment, ROCARS returns a reference number for the cargo consignment to the shipper who would then pass it on to the relevant trucker with the cargo description;
- (c) not less than 30 minutes¹ before his truck is due to pass through a land boundary control point (LBCP), the trucker does the “bundling” work by providing to C&ED, through ROCARS :
 - (i) the reference number of the cargo consignment; and
 - (ii) his vehicle’s registration number;
- (d) C&ED performs risk profiling on the cargo before a truck arrives at a LBCP and determines in advance whether inspection is called for; and
- (e) an instruction on whether a truck needs to be inspected will be shown on a visual display unit at the LBCP. A truck not selected for inspection may leave immediately after the trucker has completed immigration clearance.

¹ C&ED would signal the trucker via ROCARS that he may pass through a land boundary control point in less than 30 minutes if, at the time the bundling work is done, C&ED has already completed the risk profiling. This is possible for cases where the shipper or the freight forwarder has submitted the cargo information well in advance.