

**For discussion
on 19 July 2011**

Legislative Council Panel on Commerce and Industry

Proposed Adjustment to Textiles-related Fees and Charges under the Purview of the Trade and Industry Department

Purpose

This paper seeks Members' views on the proposals to adjust fees and charges in respect of documents and services related to textiles licensing and notification under the purview of the Trade and Industry Department (TID).

Background

2. Under the “user-pays” principle, fees charged by the Government for various goods and services should be regularly reviewed and updated, and in general be set at levels adequate to recover the full cost of providing these goods and services. The fees and charges in respect of documents and services related to textiles licensing and notification under the purview of the TID have remained unchanged since 2008¹. The costing review on these documents and services has been withheld pending the outcome of the review of the textiles control system. With the implementation of certain liberalization measures on textiles control in May 2011², we have reviewed the six textiles-related fee items under the Import and Export (Fees) Regulations (Cap. 60B) and propose a number of fee adjustments.

¹ The fees for Textiles Trader Registration Scheme (TTRS) annual registration and for import or export notification lodged on paper under TTRS were last revised in June 2007. The fees for application for issue of consignment specific textiles export licence (Form 4)/textiles import licence (Form 7) and for Production Notification (PN) were last revised in March 2008.

² The licensing requirement for textiles shipments involving the “non-sensitive markets” (i.e., imports from countries or places other than the Mainland of China and exports to countries or places other than the USA and the Mainland of China) and for all textiles transshipments was removed upon the coming into effect of the Import and Export (General) (Amendment) Regulation 2011 on 20 May 2011. The relevant Legislative Council Brief can be assessed at http://www.legco.gov.hk/yr10-11/english/subleg/brief/43_brf.pdf.

Proposals

3. Based on the outcome of the review, we propose to adjust the fees and charges for four textiles-related items. The adjustment involves an increase in the fees for two items (i.e. Production Notification (PN) for cut and sewn garments submitted electronically and PN for cut and sewn garments submitted on paper³); a reduction in the annual registration fee for the Textiles Trader Registration Scheme (TTRS); and a reduction in the fee for lodging import or export notification on paper under TTRS.

4. The fees for the two remaining items, i.e. consignment specific textiles export licence (Form 4) and consignment specific textiles import licence (Form 7), will remain unchanged. Details of the proposed adjustments are set out at **Annex**.

5. For the PN submitted electronically and the fee for which has to be increased, we propose to adopt a gradual approach to achieve full cost recovery through a moderate fee increase by about 15% in 2011-12, in accordance with the guidelines issued by the Financial Services and Treasury Bureau⁴. All applications for PN are now lodged electronically. The fee for the paper mode is retained only to cater for contingency situations (e.g. breakdown of computer system). We therefore propose to increase the fee correspondingly by about 15%.

6. We plan to introduce the necessary legislative amendments to implement the proposed adjustments in the last quarter of 2011.

Efficiency Initiatives

7. We review regularly the relevant work procedures and where possible implement efficiency initiatives with a view to reducing or containing the cost of providing services. Efficiency savings have been reflected in the proposed fee adjustments.

³ Submission of PN on paper is provided as a contingency option (in case of, for example, a breakdown of the PN computer system). Since 2000, all PNs received by TID have been submitted electronically.

⁴ According to the guidelines, for fees with an existing cost recovery rate of between 40% to 70%, full cost recovery is to be achieved within three to seven years through an annual increase of 15%.

Financial Implication

8. It is estimated that the proposed fee adjustments will result in a net decrease of around \$6.68 million in revenue per annum.

Consultation

9. We have consulted the Textiles Advisory Board which has indicated support for the proposed fee adjustments.

Advice Sought

10. Members are invited to comment on the proposed adjustments to the fees and charges as set out at **Annex**.

11. Subject to Members' views, we will proceed with the necessary legislative amendments to implement the proposed adjustments to the relevant statutory fees under the Import and Export (Fees) Regulations (Cap. 60B).

**Commerce and Economic Development Bureau
Trade and Industry Department
July 2011**

Textiles-related Fees and Charges
under the Schedule to Import and Export (Fees) Regulations, Cap. 60B

Fee Item		Existing Fee Level	Full Unit Cost according to Costing Review	Proposed New Fee (Change in monetary and percentage terms compared with existing fee)
1	TTRS Annual Registration Fee	\$718	\$349	\$349 (-\$369 / -51.4%)
2	Import or Export Notification lodged on paper under TTRS	\$3.8	\$2.9	\$2.9 (-\$0.9 / -23.7%)
3	Production Notification for Cut and Sewn Garments (submitted electronically through a service provider)	\$41	\$78	\$47 (+\$6 / +14.6%)
4	Production Notification for Cut and Sewn Garments (submitted on paper)	\$57	N.A.	\$66 (+\$9 / +15.8%)
5	Application for issue of consignment specific export licence (Form 4)	\$44	\$44	\$44 (no change)
6	Application for issue of consignment specific import licence (Form 7)	\$45	\$44	\$45 (no change)