

**For discussion  
on 18 April 2017**

## **Legislative Council Panel on Commerce and Industry**

### **Way Forward for the Development of Trade Single Window**

#### **Purpose**

To maintain our competitiveness as a trading and logistics hub and to align with the international trend<sup>1</sup>, the Government is taking forward a major policy-cum-IT initiative to develop a Trade Single Window (SW)<sup>2</sup> in Hong Kong. This paper reports on the outcome of a three-month consultation exercise concluded in July 2016, a revised proposal to address concerns raised and the way forward for developing a full-fledged SW in earnest following a phased approach.

#### **Background**

2. At the meeting on 19 April 2016, we briefed Members on our plan to set up an SW as a one-stop electronic platform for the trading community to lodge 51 Business-to-Government (B2G) documents to facilitate the meeting of all import and export regulatory requirements<sup>3</sup>, starting with the launch of a public consultation exercise and the setting up of a new Project Management Office (PMO) dedicated to the task under the Commerce and Economic Development Bureau. Members supported the SW initiative and the creation of a three-year supernumerary directorate post to head the PMO. The public consultation exercise concluded in July 2016; major views<sup>4</sup>

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<sup>1</sup> The international mainstream is to set up SW and promote customs cooperation, for example, the Mainland targets to implement SW nationwide by end 2017 and the Asia-Pacific Economic Cooperation (APEC) aims to develop SW within each member economy by 2020. For the Association of Southeast Asian Nations (ASEAN), eight out of the ten Members have already developed national SWs.

<sup>2</sup> According to the United Nations Centre for Trade Facilitation and Electronic Business, an SW is a “*facility that allows parties involved in trade and transport to lodge standardised information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. If the information is electronic, then individual data elements should only be submitted once.*”

<sup>3</sup> A brief summary of the existing import and export regulatory regime is at [Annex A](#).

<sup>4</sup> During the consultation period, over 800 representatives from various stakeholders (including traders, carriers, forwarders, logistics practitioners and associations, chambers of commerce, advisory bodies, licensees and permit holders for controlled goods) were engaged through 33 briefing sessions and an industry forum. A total of 35 written submissions were received from trade associations, commercial entities from the relevant sectors, political groups, interest groups, universities and individuals.

received are highlighted in paragraphs 3 to 4 below (detailed summary at **Annex B**). Meanwhile, the PMO has been working in full swing to drive the SW development, not least in engaging the trading and logistics communities during the consultation, and after that to address concerns raised and revise the SW proposal as appropriate. In the 2017-18 Budget Speech delivered in February 2017, the Financial Secretary reiterated our aim to roll out the SW initiative by phases as soon as practicable to keep Hong Kong in line with the international trend.

## **Consultation Feedback**

### *Views on SW in general*

3. There was overwhelming support for the development of SW in Hong Kong with the anticipation that it would bring about savings in manpower and operational cost (notably through data re-use and sharing) and would facilitate future connection with SWs of other economies and business-to-business (B2B) systems. While many urged for expedited implementation to reap early benefits, they also considered it important to provide sufficient transitional period to facilitate migration from the existing Government Electronic Trading Services (GETS)<sup>5</sup> to the SW. That said, concerns were raised about future fees for using the SW. Some also gave views on the more technical aspects, including scope and accreditation of Value-Added Service Providers (VASPs)<sup>6</sup>, SW functionalities such as access rights and system design, and future operation of the SW.

### *Views on Pre-shipment Documentation Regime*

4. Part of the SW proposal is to take on board a proposed requirement of pre-shipment import and export declaration (TDEC) in tandem (i.e. to change the existing post-shipment TDEC and cargo manifests to pre-shipment TDEC and Cargo Reports). Views received were divided. Some supported the proposal which is in line with international norms and will enhance customs cooperation and trade efficiency in the long run. But general concerns were raised by the trading community that pre-shipment TDEC might lead to additional compliance cost, negatively affect our overall

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<sup>5</sup> GETS is a front-end electronic service mandatory for the trading community to submit commonly used trade documents including TDEC, Certificate of Origin, Dutiable Commodities Permit and Cargo Manifest for air and sea modes.

<sup>6</sup> As a government facility, the SW will only provide basic functions to users for meeting regulatory requirements through trade documents and submissions and payment of fees. Commercial players may serve as “VASPs” and provide enhancement services to meet the market demands, e.g. submission on behalf of traders, data validation, provision of additional reports and statistics and paper conversion, etc.

competitiveness and divert trade away from Hong Kong. Some suggested that implementation should be flexible to cater for the operational needs of different types of cargoes and transport modes and that it would be more acceptable if data requirements would not exceed those under the existing Road Cargo System (ROCARS)<sup>7</sup>. Given that there are existing pre-shipment submissions on cargo information (as most are readily available in shipping documents), some considered that the trade should be more ready to comply with the proposed pre-shipment Cargo Report.

## Revised Proposal

5. Hong Kong is the only major economy which allows **post-shipment** TDEC and the trade has been enjoying the longer lead time, the flexibility and possibly the competitive advantages brought by it. But we must not lose sight of the strategic perspective that as economies around the world are seeking Government-to-Government (G2G) customs cooperation based on international pre-shipment norms to facilitate trade, Hong Kong dragging its feet in falling into line would do us more harm than good in the long run. With the global SW initiative (as championed by the United Nations, World Customs Organization, APEC, ASEAN, etc.) becoming mature and sophisticated, the mainstream development is to promote connection between SWs for customs facilitation and unimpeded trade in goods across borders. Legitimate trade will naturally be attracted to where such facilitation measures are in place.

6. Hong Kong is well aware of the downside of a post-shipment TDEC regime and Customs and Excise Department (C&ED) has over the years introduced various pre-shipment information initiatives without which the current customs efficiency cannot be taken for granted. If we are to make a major investment of resources and time into the future SW bringing all 51 B2G documents under one roof and seeking to connect to SWs of our trading partners, we cannot afford to lose this unique opportunity to advance the pre-shipment documentation regime. Our judgment must not be clouded by a short-term benefit which is being eroded increasingly as the world moves on.

7. We have thus further engaged stakeholders and frontline practitioners and revised our proposal on pre-shipment documentation to follow a pragmatic, incremental approach –

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<sup>7</sup> ROCARS is a statutory electronic ACI requirement (pre-shipment) introduced in 2010 for road cargo. Data requirement includes – (1) description of packages, (2) number of packages, (3) cargo description, (4) name of consignor, (5) address of consignor, (6) name of consignee, (7) address of consignee, (8) expected date of import/export, and (9) vehicle registration number of the conveying truck.

- (a) **Post-shipment TDEC** – this would remain as a minimum legal requirement. We would explore ways to encourage voluntary submission of TDEC at the pre-shipment stage, for example, through convenient, user-friendly interface in the SW design;
- (b) **Unified electronic Advanced Cargo Information (eACI)** – we would unify pre-shipment eACI requirements for all modes of transport based on the statutory ROCARS model as successfully implemented since 2010 –
  - (i) traders<sup>8</sup> will be required to submit the most essential information as pre-shipment eACI for customs clearance<sup>9</sup>;
  - (ii) the cut-off time for submission will vary with different modes of transport, subject to actual operational requirements; and
  - (iii) the SW platform will facilitate re-use of data in eACI for submission of post-shipment TDEC.
- (c) **Pre-shipment Cargo Report** – we would introduce a new, **standardised** pre-shipment Cargo Report to rationalise the existing myriad of submission requirements of Cargo Manifests –
  - (i) carriers will be required to submit master-level Cargo Reports while forwarders will be required to submit house-level Cargo Reports (if any)<sup>10</sup>, in lieu of the current Cargo Manifests;
  - (ii) data items required are mainly those in the existing Cargo Manifests which are readily available in shipping documents. Carriers will no longer need to submit similar information more than once; and
  - (iii) the cut-off time for the submission will vary with different modes of transport, subject to actual operational requirements.

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<sup>8</sup> In practice, submission may be made by a trader or a freight forwarder acting as a trader (or an agent of either party).

<sup>9</sup> The data requirements will be modelled upon that of ROCARS and may include some other information such as licence number for controlled goods subject to the nature of the consignment and further discussion with stakeholders.

<sup>10</sup> For the road mode, truckers will be responsible for submitting Cargo Reports. There will not be separate requirements for master-level and house-level Cargo Reports.

8. The revised pre-shipment documentation proposal presented above requires only the most essential information for customs clearance. Expected benefits include –

- (a) C&ED would be able to carry out more effective risk-profiling, and hence more targeted enforcement work for efficient customs clearance, as well as to discuss bilateral trade facilitation measures with customs counterparts through SW connection;
- (b) pre-shipment information may avoid unnecessary hold-ups at customs borders and thus facilitate a smoother and seamless cargo clearance, improving trade efficiency in the long run;
- (c) the streamlining and rationalisation of various pre-shipment and post-shipment submissions of cargo information at present (see **Annex A**) should also save time and cost;
- (d) there would be a clear delineation of responsibilities between traders, forwarders and carriers in the submission of relevant information;
- (e) other Government authorities and society at large may also benefit from pre-shipment information, for example, in tracing origins and interception of unsafe food or consumer products; and
- (f) the unified B2G interface via SW could become a building block for wider e-commerce initiatives, such as possible connection with B2B systems to improve cooperation among stakeholders in the logistics industry and enhance supply chain efficiency.

9. As regards the future fees for using the SW, the policy is that fees charged by the Government should in general be set at levels adequate to recover the full cost of providing the services, unless otherwise justified. On the other hand, the change in submission mode to the SW should be neutral and itself should not attract a new fee. In this light we have begun to review each of the B2G trade documents to be covered by the future SW. Where justified, a trade document that is currently not subject to a charge for submission may remain so in future. In other cases where a fee is required, it will be set to recover the cost of that part of the SW service attributed to the trade document concerned, and we will strive to identify cost savings in the new SW environment (see paragraph 12(b) below) and keep future fees at a reasonable level.

10. Separately, as the SW initiative will be implemented in phases (see paragraph 13 below) and Phase 1 is an expedited project providing a voluntary e-option to cultivate the trade's buy-in for the SW and a paradigm shift for migrating to later phases, we consider it justified to waive the SW fees for all the trade documents covered by Phase 1 during its run. This concession, however, should not form a precedent for later phases which are governed by paragraph 9 above.

11. We are fully aware of the trade's concerns about other implementation issues, such as cut-off time, exact data requirements, compliance costs and the liabilities of various submission parties under the new reporting requirements. We are carefully studying the issues and concerns and working out the implementation details in further consultation with the trade.

### **Way Forward**

12. To deliver the SW initiative, the PMO has been pressing full steam ahead together with C&ED (as the future SW operator and frontline law enforcement agency) and other Government agencies on all the preparatory work, notably the following –

- (a) Engagement – we would sustain robust engagement with the industry including chambers and trade associations, transport operators, logistics companies, etc. during the business process review and system planning to ensure that the final SW service will suit their needs and be user-friendly. Indeed the revised pre-shipment documentation proposal is the amenable result of such efforts after the formal consultation. In future, we plan to set up User Consultation Groups to liaise with stakeholders;
- (b) Business process review – we are working hand in hand with the Efficiency Unit to critically review existing business workflows of all 51 B2G trade documents covered by the SW project, devise future workflows and identify room for improvements and savings through sharing best practices, streamlining, IT application, etc.;
- (c) System design and development – preparation for implementation of Phase 1 is well underway, as a small-scale project for voluntary electronic submission as well as a key developmental step for stakeholders to gear up and collect feedback and experiences for the subsequent phases. Feasibility studies for Phases 2 and 3 are progressing with a view to working out technical design specifications for preparing funding proposals and inviting bids for system design and development; and

- (d) Legislative exercise – to underpin the establishment and use of the SW and the introduction of the pre-shipment documentation regime, we need to formulate and draft a new enabling bill and make amendments to some 40 pieces of existing legislation. We are working closely with the Department of Justice and the participating Government agencies on this mega exercise to prepare the legislative proposals.

13. Subject to satisfactory progress of the above tasks (notably passage of the necessary legislation and approval of funding), we plan to implement the SW in phases earliest as follows –

- (a) **Phase 1** (Q2/2018 roll-out) – covering 14 trade documents whose applications could be made through the SW on a voluntary basis under the present law;
- (b) **Phase 2** (2022 roll-out) – mandating the submission of all the 40 trade documents (including the 14 documents under Phase 1) through the SW by way of legislation; and
- (c) **Phase 3** (2023 roll-out) – mandating the submission of TDEC and the revised pre-shipment documentation proposal through the SW.

14. The above presents an ambitious target timetable for this mammoth policy-cum-IT exercise that would require diligent coordination among over ten Government bureaux and departments, sustained industry engagement and buy-in, meticulous and extensive legislative exercise to underpin diverse business processes, technical development to join up many legacy systems, exploit latest IT applications and handle voluminous B2G submissions covering all imports and exports, etc. We will ensure a high-level policy steer to drive the process, evaluate progress and scrutinise programme adjustments as necessary along the way.

### **GETS Extension**

15. Of the 51 B2G documents to be covered by the future SW, four are currently submitted through GETS, which have been run by private sector service providers (SPs) since 2004. The Government's contracts with the current SPs will run until end 2018, and we need to continue the GETS model to tide over to the SW until its full implementation.

16. In planning for such GETS extension, we will work to ensure fair and effective competition of bidders, reliable service in a stable market during the tide-over period, and smooth transition from GETS to SW eventually. To this end –

- (a) we plan to invite an open tender shortly, with a view to appointing up to three SPs (subject to market response) by end 2017. This will allow about 12 months for system development or modification in accordance with the technical requirements<sup>11</sup> in the tender document before actual service delivery;
- (b) the new GETS contracts will run for a period of six years from January 2019 to December 2024, buffered by three years of possible extension at the Government's option (to allow adequate flexibility for transition to SW Phase 3 as operational considerations may warrant)<sup>12</sup>; and
- (c) modelling on arrangements in past GETS contracts, we will put in place a number of regulatory measures in the tender and contract, including provisions for contractually binding service fee levels, price freeze mechanism (in case an SP becomes a sole SP due to withdrawal of competitors), protection of consumer choice, information disclosure requirement (e.g. publication of service charges), and smooth tide-over to SW.

### **Advice Sought**

17. Members are invited to note the progress of the SW initiative and the way forward and are welcome to give views. We will keep Members posted of further development and seek resource and legislative support as we forge ahead.

**Commerce and Economic Development Bureau**  
**Commerce, Industry and Tourism Branch**  
**April 2017**

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<sup>11</sup> The technical requirements are mostly based on that for the existing GETS, with a few enhancements relating to the processing of trade declarations and dutiable commodities permits.

<sup>12</sup> The proposed contract duration (six plus three years maximum) is largely in line with the arrangements for the previous two GETS contracts, namely five plus one years (from 2004 to 2009) and seven plus two years (from 2010 to 2018).



## **Existing Import and Export Regulatory Regime in Hong Kong**

The existing import and export regulatory regime in Hong Kong is summarised below –

- (a) Import and Export Declaration (TDEC) and Statement Two Cargo Manifests generally required *after* the arrival or departure of goods (post-shipment);
- (b) advance cargo information (ACI) and Statement One Cargo Manifests generally required *on* or *before* the arrival or departure of goods (pre-shipment); and
- (c) licences, permits and other documents required for goods that are subject to specific controls or schemes, *on* or *before* the arrival or departure of goods (pre-shipment).

### *A. Import and Export Declaration*

2. Under Regulations 4 and 5 of the Import and Export (Registration) Regulations (Cap. 60E), TDEC is required to be lodged within 14 days by every person who imports, exports or re-exports *after* the import, export or re-export of goods (except from exempted articles<sup>1</sup>). A trader (or his agent) is required to provide details on the trader, commodity, packaging, transportation, etc. via TDEC. The information is used for calculating the declaration charges and trade statistics purposes.

### *B. Cargo Manifest*

3. A cargo manifest is required to be lodged or held by carriers setting out details of every cargo imported into or exported out of Hong Kong. There are two types of cargo manifests –

- (a) Statement One Cargo Manifest: under Section 15 of the Import and Export Ordinance (Cap. 60), a cargo manifest is required to be submitted by carriers upon demand by the Customs and Excise Department (C&ED) when the vessel, aircraft or vehicle is entering

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<sup>1</sup> “Exempted articles” as defined under section 3 of Cap. 60E, such as transshipment cargo, transit cargo, ships’ stores, aircraft stores, personal baggage and gift, postal packets of a value less than \$4,000, etc. are exempted from the TDEC requirement.

or leaving Hong Kong. The information is used for risk-profiling and customs clearance upon the arrival or departure of cargoes; and

- (b) Statement Two Cargo Manifest: under Regulations 11 and 12 of Cap. 60E, a cargo manifest is required to be submitted by carriers within 14 days after the arrival or departure of vessel, aircraft or vehicle to or from Hong Kong. Statement Two Cargo Manifests are used by the Census and Statistics Department for verification with TDEC lodged separately and for compilation of trade and cargo statistics.

#### *C. Advance Cargo Information*

4. C&ED has introduced various schemes for obtaining ACI pre-shipment generally for risk-profiling and customs clearance purposes –

- (a) air cargo: air cargo operators may submit electronic information of imported goods via the Air Cargo Clearance System (ACCS, since 1998) on a voluntary basis for the purpose of cargo clearance. They are also encouraged to provide C&ED with information on exported goods;
- (b) road cargo: shippers are required to submit electronic ACI via the Road Cargo System (ROCARS, since 2010) under the Import and Export (Electronic Cargo Information) Regulation (Cap. 60L); and
- (c) sea cargo: for ocean ongoing vessels (OGVs), carriers may submit ACI (at the master, more general level) under the voluntary Electronic System for Cargo Manifest (EMAN) Statement One Submission Scheme for OGVs. Sea freight forwarders may submit ACI (at the house, more detailed level) under the E-Sea Customs Clearance Scheme (e-SCC Scheme) on a voluntary basis. For River Trade Vessels (RTVs), carriers may submit ACI under the voluntary ACI - RTV Scheme.

#### *D. Licences, Permits and Other Documents*

5. As a free port, Hong Kong exercises minimal licensing control on goods entering or leaving Hong Kong. Licences are required for specific goods mainly to fulfill Hong Kong's international obligations, and to protect public health and safety, the environment, intellectual property rights, etc. The submission requirements vary for different types of goods.

**Consultation on the Development of Trade Single Window  
in Hong Kong**

**Summary of Views**

**A. Development of Trade Single Window (SW)**

<b>Views</b>
<p><b>1. Development of the SW</b></p> <ul style="list-style-type: none"><li>• In general, the respondents were supportive of the SW idea and urged for its early implementation for the trade to reap the benefits from SW.</li></ul>
<p><b>2. Benefits and Savings</b></p> <ul style="list-style-type: none"><li>• There was a general consensus that electronic submission of business-to-government (B2G) documents to SW would streamline the business process and bring about savings in manpower and operating costs owing to the SW's capabilities to facilitate data re-use and data-sharing.</li><li>• Many respondents considered that the SW would facilitate future government-to-government (G2G) connection with SWs of other economies which would enhance the competitiveness of Hong Kong.</li><li>• Many respondents suggested that the SW should facilitate interface with major business-to-business (B2B) platforms in the private sector so as to better realise its strengths.</li></ul>
<p><b>3. Information Technology (IT) System Design</b></p> <ul style="list-style-type: none"><li>• There was a general expectation that the future SW should be a web-based system with user-friendly features.</li><li>• Many respondents considered it important that the SW should be compatible with common IT platforms, and data format adopted and technical specifications should be announced early to facilitate system interface with the industry and smooth transition.</li><li>• Many respondents acknowledged that it would be of utmost importance to uphold data security and system stability of the SW.</li></ul>

## Views

- Other respondents suggested that the SW should facilitate the sharing of necessary information among relevant parties, e.g. sharing of licence and permit information between traders and forwarders.
- A few respondents commented that identity authentication for SW users should be simple, and the existing requirement of digital certificate under the Government Electronic Trading Services (GETS) was considered inconvenient.
- A few respondents commented that a unique number assigned by the SW to each consignment would allow Customs and Excise Department (C&ED) and participating Government departments to process a consignment in parallel. They also suggested adoption of the Global Data Standards (GDS) to facilitate cross-border interoperability.
- A respondent suggested that World Customs Organization (WCO) Data Model should be adopted to facilitate cross-border interoperability.

### 4. SW Operations

- Some respondents suggested that the SW should have built-in functions to automatically identify controlled goods (e.g. through goods description), alert licence or permit requirement, check application status and allow the reuse of licence or permit data.
- Some respondents commented that a 24-hour help desk should be made available to support SW users. Training should be provided to SW users to facilitate smooth transition.
- A few respondents commented that in addition to companies, individuals should also be allowed to register as SW users.
- A few respondents suggested that user registration information from existing systems (i.e. Road Cargo System (ROCARS), GETS, etc.) should be transferred to the SW to obviate the need of re-registration.
- A respondent commented that the SW should provide free record retention service for users to retrieve previous transactions, say 2 years, for taxation purposes.

## Views

### 5. Fees

- A large majority of respondents commented that fees for submitting documents under the SW should be kept at a low level, or even lower than the existing level as there should be cost savings arising from electronic submissions as well as streamlining of procedures under the SW. Some also suggested that system development cost of the SW should not be included in fees calculation.
- Noting the Government's policy that fees charged by the Government should in general be set at levels adequate to recover the full cost of providing the services, many were concerned whether the future fee level for submitting B2G trade documents would be higher than present given the significant scale of the SW project and the expected considerable development cost. Some suggested that a lower-than-present fee level would be an important factor for the trade's buy-in. A respondent requested the Government to provide concrete costing figures and charging levels to allow for more meaningful consultation.
- A respondent suggested that the SW should be a financially sustainable project and adequate income should be generated to recoup the investment and maintenance costs.

### 6. Licence and Permit

- Many respondents urged the Government to streamline and simplify application procedures for licences and permits along with the implementation of the SW. Given that the SW will provide 24/7 services, processing of licence and permit applications should also be made possible outside normal office hours.
- Many respondents commented that carriers and forwarders should be allowed to access details of the licences and permits through the SW for validation purposes.
- A few respondents commented that carriers and forwarders should not bear the legal liability for ensuring that controlled goods should be covered by licences.
- A few respondents suggested that the Government should further relax licence and permit requirements for transshipment cargo.

## **Views**

- A few respondents commented that the requirement for minor amendments to licences and permits (e.g. Dutiable Commodities Permits) should be simplified or waived under the SW environment, especially when there was a mere change in flight details or loading place within the container terminals.
- Another respondent suggested that retrospective permit application after cargo arrival or departure should be flexibly considered.

### **7. Value-added Service Provider (VASP)**

- Many respondents were of the view that an effective accreditation process should be put in place to ensure the quality and price level of services provided by VASPs.
- Some respondents expected that VASPs should provide a wide range of services to cater for the needs of individual traders and opined that open competition could improve quality of services.
- A few respondents commented that the existing three GETS service providers (SPs) should be retained during the transition to SW full implementation. They suggested limiting the number of VASPs to five and offering a price discount for submissions through VASPs (compared to direct submissions by users) so as to ensure their survival.
- A respondent commented that the Government should consult current GETS SPs on the accreditation of future VASPs.

### **8. GETS**

- Some respondents raised concerns that obsolescence of the GETS and current IT systems might affect the operations of certain users. For instance, their existing information systems used might become obsolete or need to be upgraded and they would need time to adapt to new work practices and technology.
- There were suggestions to continue the status quo and engage only the three existing SPs by means of restricted tender.

## B. Pre-shipment Documentation Regime

### Views

#### 1. Change to Pre-shipment Documentation

##### Benefits

- Several respondents agreed that pre-shipment documentation would be conducive to customs cooperation and trade efficiency in the long run, as G2G connections with other economies would be made possible.
- A respondent believed that the requirement of pre-shipment documentation would minimise risk of non-submission owing to negligence and prevent prohibited cargoes without licences and permits from entering Hong Kong.

##### International Trend

- A few respondents expressed support for pre-shipment documentation as it would align Hong Kong's regime with the international trend.
- A respondent was of the view that Hong Kong should not implement a pre-shipment documentation regime merely to align with the international mainstream.

##### Feasibility

- A respondent believed that pre-shipment documentation should be feasible according to the trade's operations at present, and the required detailed cargo information should be available in advance.
- A few respondents opined that the pre-shipment documentation should be feasible for sea cargo. For more time-sensitive cargo like air cargo, pre-shipment documentation would be more challenging.
- A few respondents noted that it would be difficult for textile traders (as such trade involved many different types of raw materials and components in a consignment) to submit accurate pre-shipment documentation data for export to the Mainland.
- A respondent was concerned that the prevalence of e-commerce involving urgent and small shipment orders would make pre-shipment documentation very difficult.

## Views

### Concerns

- Many respondents expressed reservations on the pre-shipment documentation proposal and voiced concern that this would weaken Hong Kong's competitive advantage and divert trade away from Hong Kong.
- Many respondents considered that the existing post-shipment documentation regime was flexible and advantageous to Hong Kong. The proposed pre-shipment documentation regime did not have such advantages.
- There were views that for exporters, pre-shipment documentation would be less a trade facilitation measure but more a tightened control, which might cause shipment delay and have adverse impact on the already diminishing export trade.
- A respondent commented that as shown from the experience of the Mainland Customs, pre-shipment documentation would not improve customs clearance efficiency.
- A respondent opined that pre-shipment documentation would affect the effectiveness of Standard Operating Procedures (SOP) currently adopted by the industry.

### Post-shipment Declaration

- A respondent suggested that post-shipment declaration should be allowed for export by air and sea, and import by road having considered their operation modes.
- A respondent considered that certain extent of post-shipment declaration should be allowed under special circumstances e.g. the change of declared quantity due to short shipment.
- Some respondents questioned the need for Hong Kong to change to a pre-shipment documentation regime. They commented that the Qianhai Free Trade Zone, as Hong Kong's competitor, was moving towards post-shipment declaration.



## Views

### Other Suggestions

- Many respondents suggested that sufficient flexibility should be provided to maintain Hong Kong's competitive advantage.
- Many respondents considered that there should be further engagement with the industry and the trading community. Any changes to the existing post-shipment TDEC should be based on consensus and concrete impact assessment.
- A few respondents believed that the pre-shipment documentation proposal would bring major operational changes to the trade. Hence, stakeholders should be given sufficient time to adapt or voluntary participation should be considered.
- A respondent commented that pre-shipment documentation should start with import cargo first and be extended to cover export cargo at a later stage.
- A respondent commented that reference should be made to international customs clearance standards to develop the proposed pre-shipment documentation regime.
- A respondent suggested that the pre-shipment documentation proposal should simplify rather than further complicate the declaration process.
- A few respondents advocated that the development of the SW and the pre-shipment documentation proposal should be de-linked and considered separately.

## **2. Cut-off Time**

- A majority of respondents emphasised that the cut-off time for declarations should be realistic, taking operational needs of the industry into consideration. Many commented that shipment arrangements, especially short-haul ones, would only be confirmed last-minute, and there should be sufficient time for loading of export cargo onto the plane or vessel after customs clearance.
- A few respondents suggested that the cut-off time for air cargo might be set at between 30 minutes and 12 hours before shipment.

## Views

- A respondent suggested that the cut-off time for air cargo might be set at less than 30 minutes before shipment subject to C&ED's prompt issue of clearance instructions to airlines.

### 3. Liability

- Most respondents considered it important to set out in the law the respective liabilities of trader, carrier and forwarder in data submission.
- A respondent suggested that the responsibility of submitting cargo report should be shared by carriers and forwarders, since forwarders might only have access to the details of the inbound shipment whereas carriers would have information on the outbound shipment of transshipment cargo.

### 4. Data Requirement

- Many respondents were of the view that data items required for pre-shipment documentation should not exceed those required under ROCARS.
- A few respondents commented that data requirement and cut-off time should vary based on the categories of goods.
- A respondent opined that, data requirement should be more relaxed for short-haul shipments as less time would be available for preparing full pre-shipment documentation.
- A respondent considered that repeated data input should be avoided. For instance, if pre-shipment documentation had been submitted by trader, it should not be necessary for the carrier to submit a full Cargo Report as most of the data would be repetitive.
- A respondent commented that data requirement for pre-shipment documentation should be fewer than the 30 items currently required under post-shipment declaration.
- Another respondent suggested that for low value shipments and consolidated shipments, data requirements should be reduced to simplify the customs clearance process.

## Views

### 5. Data Availability

- A lot of respondents voiced concern on the difficulties in obtaining accurate cargo information (e.g. airway bill number) and transportation details (e.g. flight number) for imported cargo as the information would only be available at the last-minute, or even unavailable before arrival.
- A few respondents commented that it would not be feasible to provide goods value (i.e. Cost, Insurance and Freight (CIF) value) and/or exact quantity pre-shipment because these figures could not be confirmed until post-shipment.
- A few respondents noted that traders and forwarders might only have access to very basic cargo information before shipment. For example, they only know the number of packages (e.g. pallets or cartons) of cargo instead of the exact quantity in number of pieces. Therefore, post-shipment amendment of cargo information would be inevitable.

### 6. Data Accuracy

- A lot of respondents raised concerns about the consequence of submitting inaccurate data, amendment of pre-shipment documentation, discrepancy between the declared and actual quantity of goods, and incomplete data submission.
- A few respondents opined that the possible need to supplement and amend pre-shipment documentation information would result in additional workload.
- A respondent commented that accuracy of cargo information (e.g. quantity) could not be guaranteed for road cargo since the schedule for road transport was very tight.

### 7. Cost

- Many respondents were concerned that pre-shipment documentation might give rise to extra operational cost since additional manpower or service from agents might be needed to obtain and submit cargo data to fulfill the requirement.

## Views

### 8. Operational Issues

- Many respondents were concerned that late or non-submission of pre-shipment documentation and cargo report might lead to cargo detention.
- There were worries over the time required for C&ED to issue notifications for cargo release after submission of pre-shipment documentation. A respondent suggested that customs clearance instructions should be issued within 15 minutes after lodgement of pre-arrival data. Another respondent suggested that customs' clearance instruction should be issued before building up of packages on pallets for export air cargo.
- Some respondents suggested that traders and forwarders outside Hong Kong should be allowed to submit pre-shipment documentation to the SW for efficiency. For example, it would be more efficient for a trader in the Mainland to submit pre-shipment documentation for imports from the Mainland by river trade vessels, as the journey was short and always taken during small hours.
- A few respondents noted that there might be difficulties in lodging pre-shipment documentation during holidays and weekends while staff had no remote access to their company's information system.
- A respondent commented that a flexible approach (e.g. with options of pre- or post-shipment declaration) should be adopted for fast-moving transshipment cargo.
- A respondent suggested an effective matching function between pre-shipment documentation and cargo report should be put in place so that the carriers would know that pre-shipment documentation had already been lodged by traders.

### 9. Others

- Some respondents commented that parcels with value under \$4,000 delivered by express couriers should also enjoy exemption from submission of trade declarations as currently enjoyed by postal packets delivered by Hong Kong Post.