

**For discussion on
18 June 2019**

Legislative Council Panel on Commerce and Industry

**Single E-Lock Scheme for inter-modal transshipment cargoes and
the expansion of clearance points in the Greater Bay Area**

Purpose

This paper briefs Members on the modus operandi of the Single E-Lock Scheme (“SELS”) for inter-modal transshipment cargoes and its latest development, including the extension of the SELS to cover more clearance points in the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”).

Hong Kong’s role as a free port and a logistics hub

2. Hong Kong is a free port. We do not charge any tariff or Goods and Service Tax on imports. At the same time, Hong Kong is strategically located at the heart of Asia, and is well connected to the Mainland of China and the rest of the world by a world-class international airport, a container terminal renowned for its efficiency, and extensive land crossings. Hong Kong is therefore well placed to serve as a regional transport and logistics hub. The Hong Kong International Airport (“HKIA”), for example, has been the world’s busiest cargo airport for nine consecutive years since 2010¹.

3. One key competitive edge of Hong Kong in merchandise trade lies with our renowned customs clearance efficiency. According to the Global Competitiveness Report released by the World Economic Forum in October 2018, Hong Kong is ranked the 9th worldwide for “efficiency of the clearance process”. On the part of the Customs and Excise

¹ In 2018, HKIA handled 5.1 million tonnes of total cargo throughput, which accounted for 42%, or HK\$3,710 billion, of the total value of Hong Kong's external trade.

Department (“C&ED”), it has put in place various measures over the years to enhance customs clearance efficiency and expedite cargo flow while maintaining effective controls. SELS is a case in point.

Key features of SELS

4. SELS was jointly launched with the Mainland Customs on a pilot basis in 2012, and was formally launched in 2016. The Scheme targets at inter-modal transshipment cargoes between Hong Kong and Guangdong. Such cargoes comprise goods arriving in Hong Kong by air or sea from abroad and, upon arrival, sent to the Mainland by land transport; or, vice versa, goods arriving in Hong Kong by land transport from the Mainland and, upon arrival, sent abroad by air or sea.

5. Take the example of a consignment of cargo arriving in Hong Kong by air, and then transhipped to, say, Guangzhou by truck via the Shenzhen Bay Port. If no facilitation by SELS is available for such transshipment cargo, it may have to undergo **as many as four customs inspections** at different control points/clearance points in Hong Kong and the Mainland before it arrives at its final destination. The four inspections may take place at: (a) the HKIA (upon entering Hong Kong); (b) the Shenzhen Bay Port Hong Kong Port Area (upon leaving Hong Kong); (c) the Shenzhen Bay Port Shenzhen Port Area (upon entering the Mainland); and (d) the relevant customs clearance point in Guangzhou (upon arrival at the customs district in the Mainland).

6. By using technology (electronic lock and GPS equipment), SELS can provide assurance that the goods are not tampered with in the transportation process, and therefore help **obviate the need for repeated inspections on the same cargo** by both customs authorities. It is instrumental in streamlining the clearance process and speeding up the cargo flow. The following illustrates how SELS works, with reference to the same example mentioned in paragraph 5 above:

- (a) Upon arrival of the cargo at HKIA, C&ED inspects the cargo, if necessary, as usual. After customs clearance and the loading of the cargo onto a truck, an electronic lock is affixed to the truck and its GPS equipment is activated. If C&ED has inspected the

cargo, the green light on the lock would also be turned on.

- (b) C&ED then uses GPS equipment to track the movement of the vehicle during the journey within the Hong Kong territory, so as to ensure that the truck does not depart from the designated route.
- (c) Upon reaching the Shenzhen Bay Port Hong Kong Port Area, there is no need for C&ED to inspect the cargo again since it is all along locked up in the truck and its movement in Hong Kong has been tracked.
- (d) Upon the truck leaving the Hong Kong Port Area, the Mainland Customs takes over the GPS tracking of the truck within the Mainland. There is normally no need for the Mainland Customs to inspect the cargo at this juncture as it will continue to be locked up in the truck until it arrives at the clearance point of the destination.
- (e) When the truck arrives at the clearance point at Guangzhou, the Mainland Customs deactivates the electronic lock. In considering whether to inspect the cargo, the Mainland Customs will take into account whether the green light on the lock is on (before deactivation). The green light, if turned on, serves as a signal to inform the Mainland Customs that the cargo concerned has undergone customs inspection in Hong Kong (see subparagraph (a) above).

7. The above cargo flow under the SELS illustrates the operation for a north-bound “air-to-land” transshipment cargo. The operation for a south-bound “land-to-air” transshipment cargo follows a similar flow, except in the reverse direction.

8. SELS has been well received by the logistics industry². As of

² Participation in SELS is voluntary. Shippers or carriers who wish to join SELS are required to register with C&ED and the Mainland Customs. Participants are required to install an electronic lock and GPS equipment accredited by both customs authorities on their goods vehicles. C&ED does not impose any charge on participants, though suppliers of the electronic lock and the GPS equipment may impose a service charge.

May 2019, eight major logistics and express courier service operators in Hong Kong have joined SELS³. Since the launch of the trial-run of the Scheme in 2012, more than 6.2 million cargo shipments between Hong Kong and the Mainland have been handled with facilitation under the Scheme (position up to end-May 2019).

Network of clearance points in Hong Kong and Guangdong

9. The benefits which SELS can bring to the logistics industry hinges very much on the number and breadth of the clearance points on both sides, in particular for Guangdong, especially those in the Mainland municipalities of GBA.

10. For the purposes of SELS operation, Hong Kong and Guangdong have designated their respective pool of clearance points. On Hong Kong's part, we have set up 12 clearance points, covering various air cargo terminals and sea container terminals in Hong Kong. A full list of the clearance points in Hong Kong is at **Annex A**.

11. As for clearance points in Guangdong, as mentioned in the 2018 Policy Agenda, the Government has been actively exploring with the Mainland authorities the extension of SELS to more clearance points in GBA, with a view to enhancing cross-boundary cargo flow and expediting cargo clearance. The number of clearance points under SELS in Guangdong had been significantly increased to 51 in January 2019 (up from 32 hitherto), covering many Mainland municipalities in Guangdong and GBA.

12. To take forward the development of GBA, the Central People's Government promulgated on 1 March 2019 a package of eight policy measures, including the one on extending the applicability of SELS to all

³ These eight participants comprise (in alphabetical order):

- (a) Asia Airfreight Services Limited;
- (b) Cathay Pacific Services Limited;
- (c) DHL Aviation (Hong Kong) Limited;
- (d) Federal Express (Hong Kong) Limited;
- (e) Hong Kong Air Cargo Industry Services Limited;
- (f) Hutchison Logistics (HK) Limited;
- (g) S.F. Express (Hong Kong) Limited; and
- (h) TNT Express Worldwide (HK) Limited.

nine Mainland municipalities within GBA.

13. Based on the notification received from the Guangdong Customs, the Government announced on 16 May 2019, following the 21st plenary meeting of the Hong Kong-Guangdong Cooperation Joint Conference that a new clearance point in Zhongshan is ready for use by the industry for SELS operation. Accordingly, the latest number of clearance points in Guangdong has been increased to 52, including 43 clearance points covering all nine Mainland municipalities within GBA and nine clearance points in other parts of Guangdong. The expansion in the network of the clearance points is welcomed by the Government. A full list of the clearance points in Guangdong, including the latest new point in Zhongshan, is at **Annex B** (the list is available in Chinese only).

14. With the two sets of clearance points in Hong Kong and Guangdong, SELS provides the logistics trade with a total of over 620 cross-boundary routes for inter-modal transshipment cargoes between Hong Kong and Guangdong. We will continue to work with the Mainland authorities on the expansion in the network of clearance points under SELS in Guangdong.

Extension to new land boundary control points

15. Apart from seeking to extend the network of clearance points in Guangdong, C&ED has been making on-going efforts to ensure that SELS can cover new land boundary control points. At present, SELS users may cross the boundary at three control points, including the Lok Ma Chau Control Point, the Shenzhen Bay Control Point, as well as the Hong Kong-Zhuhai-Macao Bridge (“HZMB”) Hong Kong Port upon its commissioning in October 2018. C&ED has also been following up closely with the Mainland Customs, with a view to extending SELS to cover the Heung Yuen Wai Boundary Control Point upon its commissioning⁴.

⁴ The Government is striving to complete the construction of this new boundary control point this year for early commissioning.

Promotion of SELS to the trade

16. The expansion in the network of clearance points under SELS in Guangdong and the extension of SELS to new boundary control points would provide SELS users with more flexibility. C&ED has been sparing no efforts in encouraging the logistics trade to take up SELS, so that they may benefit from the facilitation provided by the Scheme. For example,

- (a) C&ED conducted in December 2018 a seminar in Hong Kong to promote SELS and other customs facilitation measures, which was attended by some 200 representatives from logistics companies and trade associations.
- (b) The Government also made use of the CEPA Forum on Agreement on Trade in Goods jointly held with the Ministry of Commerce of the Central People's Government on 25 March 2019 to update the trade on the expansion of the clearance points under SELS in Guangdong.

17. Going forward, C&ED will further strengthen its efforts to encourage the logistics industry to participate in SELS and to make better use of the Scheme to seize business opportunities arising from the GBA development and the commissioning of HZMB. C&ED will join hands with the Mainland Customs, where appropriate, in promoting SELS to the trade, and will continue to engage the trade to explore room for further enhancing the Scheme.

Advice sought

18. Members are invited to take note of the key features of SELS and its latest development as set out in this paper.

Commerce and Economic Development Bureau
Customs and Excise Department
June 2019

Annex A

List of Clearance Points under SELS in Hong Kong

(In alphabetical order)

1. Asia Airfreight Terminal
2. Asia Container Terminals
3. Cathay Pacific Cargo Terminal
4. COSCO-HIT Terminals
5. DHL Central Asia Hub
6. DP World
7. Hong Kong International Airport Express Cargo Terminal
8. Hong Kong International Terminals
9. Kwai Chung Customhouse
10. Modern Terminals
11. River Trade Terminal
12. Super Terminal 1

**List of Clearance Points under SELS in Guangdong
(available in Chinese only)**

廣東省內的清關點（52 個）：

位於大灣區內地九市的清關點：

中山市

1. 中山保稅物流中心 (由 2019 年 5 月起新增)

江門市

2. 江門市中岸跨境電商快件分揀清關中心
3. 江門市跨境電子商務快件分揀清關中心
4. 江門車檢場
5. 鶴山市南方跨境電子商務快件分揀清關中心
6. 鶴山市萬年松跨境電子商務分揀清關中心

佛山市

7. 佛山快件
8. 佛山車檢場
9. 佛山國通保稅物流中心（B 型）
10. 南海三山碼頭
11. 南海平洲南港碼頭
12. 南海桂江車檢場

東莞市

13. 東莞市世通國際快件監管中心
14. 東莞南城國際快件中心
15. 東莞國際郵件互換局兼交換站
16. 東莞跨境電商中心園區
17. 長安車檢場
18. 啟盈國際快件監管中心
19. 鳳崗車檢場
20. 寮步車檢場

珠海市

21. 斗門海關所轄斗門廣豐跨境電商產業園

深圳市

22. 筲崗海關（中外運平湖監管場所）
23. 深圳機場海關（機場物流園）
24. 郵局海關（UPS 亞太區深圳轉運中心）
25. 郵局海關（深圳國際快件運營中心）
26. 郵局海關（深圳郵件處理中心）
27. 蛇口海關（前海灣保稅港區）
28. 鹽田綜保區海關（沙頭角片區）
29. 鹽田綜保區海關（鹽田片區）

惠州市

30. 惠州海關（惠州快件中心）

肇慶市

31. 大旺車檢場

廣州市

32. 沙灣車場
33. 狀元谷跨境電商中心
34. 南沙保稅港區物流區
35. 南沙新港
36. 從化車檢場
37. 番禺蓮花山港
38. 開發區車檢場
39. 新銀河跨境電商產業園
40. 滘心碼頭
41. 廣州郵局海關流花大院快件監管現場
42. 廣州機場
43. 廣州機場聯邦快遞亞太轉運中心

大灣區外的清關點：

汕頭市

44. 汕頭郵政速遞跨境電商監管中心

河源市

45. 河源車檢場

茂名市

46. 茂名市外星人跨境電商監管中心（茂名電白）

清遠市

47. 清遠車檢場

湛江市

48. 湛江市跨境電商公共產業中心（嶺北）

49. 湛江進出境快件監管中心（麻章）

50. 湛江進出境快件監管中心遂溪分中心（嶺北）

51. 粵西跨境電商國際快件監管中心（吳川）

韶關市

52. 韶關車檢場