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Panel on Commerce and Industry

Meeting on 18 June 2019

Background brief on the Single E-lock Scheme

Purpose

This paper provides background information on the Single E-lock Scheme ("SELS"), and a summary of views expressed by members of the Panel on Commerce and Industry ("the Panel") during previous discussions on the subject.

Background

Single E-lock Scheme

2. In November 2010, the Customs and Excise Department ("C&ED") launched the Intermodal Transshipment Facilitation Scheme ("ITFS") to provide facilitation to air-land and sea-land transshipment cargoes by simplified clearance process.

3. With the electronic advance cargo information and application of electronic lock ("e-lock") and global positioning system ("GPS") technology, C&ED monitors the transshipment cargoes conveyed by the participating trucks within the territory under ITFS. The transshipment cargoes, if being selected for inspection, will normally be inspected once either at the point of entry or exit. Time is saved by reducing repeated inspection which will expedite the flow of transshipment cargoes.

4. In March 2016, C&ED further extended the facilitation under ITFS by launching SELS together with the Mainland Customs, targeting intermodal transshipment cargoes between Guangdong and Hong Kong. Such transshipment cargoes include foreign goods arriving in Hong Kong by air which will be transhipped to the Mainland by land and vice versa.

5. According to the Administration, under SELS, ITFS is interconnected with the Speedy Customs Clearance of the Mainland Customs to build a "green lane" for facilitating logistics flow through seamless clearance service. One single e-lock and the technology of GPS as accredited by both Customs authorities are applied under SELS on the principle of "Across the Boundary with One Single E-lock under Separate Monitoring" and hence duplicate inspection on the same shipment by both Customs authorities at the boundary¹ would be reduced, which helps to streamline the clearance process and expedite the flow of transshipment cargoes. Participation in SELS is voluntary.² In 2018, more than 6 million cargo shipments were handled under SELS.

Latest development

6. The Agreement on Trade in Goods signed on 14 December 2018 between the Hong Kong Special Administrative Region Government ("HKSARG") and the Ministry of Commerce under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA") includes a dedicated Chapter on "Trade Facilitation Measures in the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area")". The dedicated chapter specifies that the two sides agree to implement trade facilitation measures, including publishing periodically and further shortening the overall time for cargo customs clearance, in order to promote the convenient and efficient flow of goods in the Greater Bay Area.

7. On 1 March 2019, the Chief Executive announced that the Central Government would introduce eight policy measures to take forward the development of the Greater Bay Area. One of these policy measures was the

¹ Participants can cross the boundary via Lok Ma Chau Control Point, Shenzhen Bay Control Point and Hong Kong-Zhuhai-Macao Bridge Hong Kong Port.

² Current participants of the Single E-lock Scheme ("SELS") include: Asia Airfreight Services Limited, Cathay Pacific Services Limited, DHL Aviation (Hong Kong) Limited, Federal Express (Hong Kong) Limited, Hong Kong Air Cargo Industry Services Limited, Hutchison Logistics (HK) Limited, S.F. Express (Hong Kong) Limited, and TNT Express Worldwide (HK) Limited.

Shippers and carriers who wish to join SELS are required to register with the Intermodal Transshipment Facilitation Scheme of the Customs and Excise Department ("C&ED") and the Speedy Customs Clearance of the Mainland Customs and install the electronic lock ("e-lock") and global positioning system ("GPS") equipment accredited by both Customs authorities on their vehicles. According to the Administration, C&ED will not impose any charge on participants. Yet, suppliers of e-lock and GPS equipment may impose a service charge for use of such equipment on vehicles.

expansion of the applicability of SELS to all nine Mainland municipalities³ within the Greater Bay Area. The expansion in the network of clearance points under SELS would enhance cargo clearance efficiency, including cargo shipments going through Hong Kong using the Hong Kong-Zhuhai-Macao Bridge, and complement the development of the Greater Bay Area.

8. At the 21st Plenary of the Hong Kong/Guangdong Co-operation Joint Conference held on 16 May 2019, HKSARG noted the setting up of a clearance point at Zhongshan Bonded Logistics Centre by the Guangdong Customs. The new clearance point has achieved readiness for SELS operation with C&ED and for use by the industry. Accordingly, the number of clearance points in the Guangdong Province has been increased to 52, covering all nine Mainland municipalities within the Greater Bay Area.

Previous discussions

9. The Panel discussed the related issues at the meetings on 18 December 2018 and 15 January 2019. The views and concerns expressed by members are summarized below.

10. At the meeting on 18 December 2018, members urged the Administration to work out with the Mainland authorities an implementation timetable for the measures to expedite customs clearance of goods to facilitate movement of goods in the Greater Bay Area. At the meeting on 15 January 2019, some members further enquired about the challenges which the Administration foresaw on extending SELS to more clearance points in the Greater Bay Area in 2019.

11. The Administration advised that it would actively explore with the Mainland authorities the extension of SELS to more clearance points in the Greater Bay Area, so as to facilitate cross-boundary cargo flow and enhance clearance efficiency. Besides, the new Agreement on Trade in Goods signed in December 2018 under the framework of CEPA included a dedicated Chapter, under which the two sides agreed that the nine Pearl River Delta ("PRD") municipalities (namely Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing) and Hong Kong would take forward and explore a series of trade facilitation measures, including the measures to shorten overall customs clearance time for goods, and to expedite cross-boundary customs clearance in the nine PRD municipalities.

³ These nine Mainland municipalities within the Guangdong-Hong Kong-Macao Greater Bay Area are Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Jiangmen, Zhongshan and Zhaoqing. Among them, Zhongshan and Zhaoqing are new clearance points to be set up as announced on 1 March 2019.

12. In response to members' enquiry at the meeting on 15 January 2019, the Administration advised that no particular concerns about the different customs and clearance systems between Hong Kong and the Mainland had been raised by overseas economies on SELS since its launch in 2016, as the multiple flow control processes of SELS enabled separate monitoring by Customs authorities to ensure seamless and secured monitoring when the transshipment cargo was conveyed across the boundary.

Latest position

13. The Administration will brief the Panel on 18 June 2019 on the latest development of SELS, including the extension to cover more clearance points in the Greater Bay Area since January 2019.

Relevant papers

14. A list of relevant papers is in the **Appendix**.

Council Business Division 1
Legislative Council Secretariat
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List of relevant papers

Date of meeting	Meeting	Paper
17/5/2016	Panel on Commerce and Industry	<p>Administration's paper on "Co-operation between Hong Kong and the Mainland – Hong Kong/Guangdong Co-operation" (LC Paper No. CB(1)869/15-16(01))</p> <p>Minutes of meeting (LC Paper No. CB(1)1186/15-16)</p>
18/12/2018	Panel on Commerce and Industry	<p>Administration's paper on "Trade relations between the Mainland and Hong Kong - The Mainland and Hong Kong Closer Economic Partnership Arrangement: Agreement on Trade in Goods" (LC Paper No. CB(1)311/18-19(03))</p> <p>Updated background brief on trade relations between the Mainland and Hong Kong (LC Paper No. CB(1)311/18-19(04))</p> <p>Minutes of meeting (LC Paper No. CB(1)673/18-19)</p>
15/1/2019	Panel on Commerce and Industry	<p>Administration's paper on "Discussion at multilateral and regional fora on trade facilitation initiatives" (LC Paper No. CB(1)406/18-19(05))</p> <p>Background brief on Hong Kong's participation in the World Trade Organization and other international and regional fora (LC Paper No. CB(1)406/18-19(06))</p> <p>Minutes of meeting (LC Paper No. CB(1)699/18-19)</p>