

# 立法會

## *Legislative Council*

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### **Panel on Commerce and Industry**

**Meeting on 17 May 2022**

### **Updated background brief on the development of Trade Single Window**

#### **Purpose**

This paper provides updated background information on the development of the Trade Single Window (“TSW”). It also provides a summary of views and concerns expressed by Members during previous discussions of the Finance Committee (“FC”) and the Panel on Commerce and Industry (“the Panel”) on the subject.

#### **Background**

2. The Administration announced in February 2016 that it would develop a TSW as a one-stop electronic platform for lodging with the Government of all the 50-plus Business-to-Government trade documents for trade declaration and customs clearance purposes.

3. According to the Administration, upon full implementation of TSW, traders can lodge import and export trade documents electronically round the clock through a centralized platform. It will save time and cost of the trading community as they will no longer need to approach different government agencies individually. Cargo hold-ups during clearance due to insufficient cargo information is expected to be minimized, thus bringing a smoother cargo clearance and enhancing the overall cargo flow. TSW will support the work of the participating government agencies (“PGAs”) in receiving and processing applications as well as issuing licences/permits electronically. This will enhance the operational efficiency and productivity of PGAs.

4. TSW will also serve as the single platform for customs clearance with a central backend system for risk assessment to facilitate the Customs and Excise Department (“C&ED”) in carrying out more targeted enforcement work. This

is so as TSW will replace the existing cargo clearance systems in C&ED such as the Road Cargo System (“ROCARS”) and the Air Cargo Clearance System, which are designed for single transport mode and not interconnected.

### Phased Implementation of Trade Single Window

5. The Administration gave the Panel a briefing on the latest progress of the development of TSW at its meeting on 17 December 2019. TSW was being implemented in three phases –

- (a) Phase 1 (launched since 2018) – covering 13<sup>1</sup> types of trade documents (mainly for specific controlled products), the applications of which could be made through TSW on a voluntary basis.
- (b) Phase 2 (scheduled to be launched in 2023 the earliest) – covering another 28 types of trade documents (on top of those documents under Phase 1) for specific controlled products, the applications of which could be made through TSW on a voluntary basis. Apart from expanding the scope of trade documents covered by TSW, Phase 2 also provided enhancements building on the basic functions already provided in Phase 1.
- (c) Phase 3 – covering Import and Export Declarations (“TDEC”) , Advance Cargo Information (“ACI”) and Cargo Reports (which are required or proposed to be required for all cargoes) for different transport modes. In view of the concerns of replacing the existing post-shipment TDEC by pre-shipment TDEC, Phase 3 will introduce a hybrid pre-shipment documentation arrangement along the framework below –
  - (i) Post-shipment TDEC – the existing arrangement (i.e. to be submitted within 14 days after import or export) will be maintained, and traders will be encouraged to submit TDEC at the pre-shipment stage voluntarily;
  - (ii) Unified ACI – the submission requirements of ACI for all modes of transport will be unified and modelled on ROCARS ;

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<sup>1</sup> With the commencement of the Conservation of Antarctic Marine Living Resources Ordinance (Cap. 635) on 1 July 2020, TSW Phase 1 has been extended to cover the import/export/re-export licence of toothfish, a new licensing regime for regulating toothfish movement, in addition to the 13 types of trade documents in the original plan.

- (iii) Pre-shipment Cargo Reports – new and standardized pre-shipment Cargo Reports will replace the existing post-shipment cargo manifests. Carriers and forwarders will be required to submit master-level Cargo Reports and house-level Cargo Reports respectively. Data required are mainly those in the existing cargo manifests.

#### Connections with Single Windows of other economies

6. In respect of providing connectivity between Hong Kong's TSW and those of other jurisdictions (including the Mainland) or business-to-business systems, the Administration had been monitoring the latest development of Single Windows in other jurisdictions and targeted that TSW, when fully implemented, would have the technical capability to connect with these systems should the need arise.

#### **Previous discussions by the Panel on Commerce and Industry and Finance Committee**

7. The major views and concerns on the development of TSW expressed by Members at the Panel meeting on 17 December 2019 and FC meetings on 14 and 17 July 2020 are summarized in the ensuing paragraphs.

#### Expediting the implementation of Trade Single Window

8. Members enquired whether the Administration would review the development plan of TSW and expedite the implementation timetable so as to maintain competitiveness of the re-export and logistics sectors, in particular, the air freight logistics sector. A member urged the Administration to enhance Phase 1 in parallel by utilizing IT solutions such as the Government Cloud Infrastructure Services.

9. The Administration advised that the development of TSW aimed to enhance customs clearance efficiency across all transport modes. Whilst the trade welcomed having the electronic option provided under Phase 1 of TSW, some users in the trade preferred keeping the flexibility for resorting to the conventional means of application through service counters. Accordingly, the Administration proposed to implement Phase 2, as with Phase 1, as a voluntary electronic option. As for Phase 3, the Administration had refined the original proposal of replacing the existing post-shipment TDEC by pre-shipment TDEC, and put forward in April 2017 a revised proposal. In view of the prevailing economic conditions and the trade's concerns over the additional compliance cost arising from such pre-shipment requirements, the Administration was actively exploring ways to encourage the trade to submit pre-shipment cargo information

for air exports through TSW by way of voluntary arrangements instead.

10. The Administration also advised that due to the sheer amount of trade documents covered and the stakeholders involved, the implementation plan had to be carefully reviewed in order to map out a suitable workflow which would minimize burden on the trade. The Administration had adopted an incremental approach in selecting which trade documents were to be covered under the various phases of TSW. For example, trade documents under Phase 1 and Phase 2 mainly involved licences/permits for import/export of specific controlled products, and priority was given to trade documents that were hitherto processed on paper. As for Phase 3, it would cover documentation for both import and export across all transport modes with different trade practices.

11. The Administration added that it would continue to enhance the relevant functions of Phase 1. As for Phase 2, it would extend the platform to 28 more types of documents, and the number of documents to be processed would increase to 1.8 million per annum. As the 28 types of documents involved different modes of operation, it would take more time to construct an electronic platform capable of handling these 28 types of documents, on top of the 13 types in Phase 1. The Administration would utilize the latest technologies, including the Government Cloud Infrastructure Services, for the implementation of Phase 2.

12. In response to members' concerns that Hong Kong had lagged behind Mainland cities in providing electronic government services and requests that the implementation of TSW should be expedited, the Administration advised that TDEC could already be lodged electronically in Hong Kong for many years. TSW aimed to further facilitate the trading community by providing a one-stop electronic platform for lodging all the 50-plus trade documents and submissions with the Administration for trade declaration and customs clearance purposes. As a free port, Hong Kong's import and export regime was business friendly and sought to minimize the data required for submission from the trade while maintaining effective customs control.

#### Connections with other Trade Single Windows

13. Noting that the Agreement on Trade in Goods signed between the Mainland and Hong Kong on 14 December 2018 included a dedicated Chapter on "Trade Facilitation Measures in the Guangdong-Hong Kong-Macao Greater Bay Area", stipulating that the nine Pearl River Delta municipalities and Hong Kong would explore the inter-connectivity of TSWs and study the mechanism for control point information exchange, a member enquired about the progress in this respect and the need to provide such inter-connectivity under Phases 1 and 2.

14. The Administration advised that the Hong Kong Special Administrative Region Government (“HKSARG”) would adopt an open attitude in exploring inter-connectivity of TSWs. An expert group with the Guangdong authorities was already in place to explore the feasibility of TSW inter-connectivity. HKSARG would continue to monitor the latest development regarding inter-connectivity of TSWs among economies. As regards the need to provide connectivity between Hong Kong’s TSW and those of other jurisdictions, such need might be limited under Phases 1 and 2 of Hong Kong’s TSW as these two phases mainly involved trade licences/permits of specific controlled products for meeting local regulatory requirements. As for Phase 3, the Administration had been monitoring the latest developments of TSWs of other jurisdictions, and would continue to do so. It remained the Administration’s target that Hong Kong’s TSW, when fully implemented, would have the technical capability to connect with TSWs of other jurisdictions. Any actual connections would have to be subject to, among others, relevant legal considerations and conclusion of bilateral agreements.

#### Promotion of Trade Single Window

15. Members suggested that the Administration should design a user-friendly system, provide adequate promotion, training and incentive measures to encourage adoption by the trade. The Administration advised that they had been encouraging the trade to adopt IT services and solutions to upgrade their business processes through different programmes. It would actively consider the suggestion of providing online training materials on the use of the TSW platform. To promote the adoption of TSW, the Office of TSW Operation (“OSWO”) had been actively reaching out to both potential and current users in the trade to provide customer support and training. The feedback from users in the trade had been positive so far.

#### Benefits of Trade Single Window

16. On whether TSW would also enhance the efficiency of PGAs and help reduce operating costs, the Administration advised that TSW would serve as a single platform for customs clearance with a centralized risk assessment system for C&ED, and TSW would be connected with the IT systems of other PGAs. Through implementing TSW, manpower and operation could be streamlined. Estimated savings of around HK\$7.8 million per annum for PGAs would be brought about by the implementation of Phase 2. In determining the fees and charges for different types of trade documents, the Administration would continue to follow the established mechanism along the cost-recovery principle and hence the fees might vary among different documents. Upon full implementation of TSW, the fees charged then should in general reflect the operational cost.

### Implementation plan of Phase 3 of Trade Single Window

17. Members enquired about the timetable for rolling out Phase 3 and considered it important for the trade to be well informed of the implementation timetable of TSW. The Administration advised that taking into consideration the trade's views, the Government would conduct technical feasibility studies to map out the implementation plan for Phase 3 of TSW. OSWO would continue to publicize the benefits of TSW to the respective trades and encourage their take-up. As Phase 3 of TSW would cover a wide range of trade documents for both import and export and would involve more complex implementation issues, the Government would continue the engagement with the trade and report to the Legislative Council the details of the proposed implementation plan for Phase 3 of TSW in due course.

### Information technology system

18. Members enquired whether the proposed IT system required for the implementation of Phase 2 of TSW would be a brand new system different from the one used in Phase 1, and whether the proposed IT system would adopt the Government Cloud Infrastructure Services and cater for the need of further system enhancements required for the implementation of Phase 3. Members also sought information on the coverage of types of trade documents under the three phases of TSW.

19. The Administration advised that Phase 1 covered 14 types of trade documents with transaction volume of around 15 000 per year. Phase 2, which was scheduled to be launched in 2023 the earliest, would extend to cover another 28 types of trade documents, enabling the trade to submit permit/licence applications electronically on a voluntary basis. The transaction volume for such trade documents was around 1.8 million in 2019, about 120 times the volume for the trade documents covered by Phase 1 in the same year. Apart from expanding the scope of trade documents covered by TSW to a total of 42 types, more elaborate functions including the adoption of the Government Cloud Infrastructure Services would be provided, so as to support higher system availability to make the TSW service more accessible to users. Phase 3 would cover those trade documents required or proposed to be required for all cargoes across all transport modes. The transaction volume for the trade documents under Phase 3 would be even higher than the volume for the trade documents covered by Phase 2. Subject to further system enhancements, the same IT systems would be used for lodging all trade documents under Phase 3.

### **Latest position**

20. The Administration will brief the Panel on 17 May 2022 on the latest development of the TSW system and seek the Panel's support for a funding proposal for the concerned Phase 3 IT system.

### **Relevant papers**

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

Council Business Division 1 and Public Complaints Office  
Legislative Council Secretariat  
11 May 2022

## List of relevant papers

## Development of Trade Single Window

Date of meeting	Meeting	Minutes/Paper
17 December 2019	Panel on Commerce and Industry	<p>Administration's paper on "Progress of the Development of Trade Single Window" (<a href="#">LC Paper No. CB(1)245/19-20(03)</a>)</p> <p>Updated background brief on the development of a Trade Single Window provided by the Legislative Council Secretariat (<a href="#">LC Paper No. CB(1)245/19-20(04)</a>)</p> <p>Minutes of meeting (<a href="#">LC Paper No. CB(1)402/19-20</a>)</p>
10 July 2020 14 July 2020 17 July 2020	Finance Committee	<p>Administration's paper on "Implementation of Phase 2 of the Trade Single Window System" (<a href="#">FCR(2020-21)53</a>)</p> <p>Minutes of meeting on 14 July 2020 (<a href="#">LC Paper No. FC93/20-21</a>)</p> <p>Minutes of meeting on 17 July 2020 (<a href="#">LC Paper No. FC109/20-21</a>)</p>