



The Hong Kong  
Shippers'  
Council  
香港付貨人委員會



Willy Lin  
Chairman

# The challenge of finding the right Single Window model

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The Commerce and Economic Development Bureau (CEDB) is conducting a three-month consultation on a Hong Kong Trade Single Window (SW) from late April 2016.

The consultation on SW will cover  
(a) desirability of submission of all business-to-government (B2G) trade documents through a single government portal.  
(b) changing the current post-shipment declaration regime to that of a pre-shipment declaration regime.

At present, there are 51 documents that are being submitted to different government agencies in different modes and time frames.

These documents range from Import and Export Declaration to the Customs and Exercise Department and the Census and Statistics Department, Licence for Strategic Commodities to the Trade and Industry Department, Import/Export Licence for Pharmaceutical Products and Medicines to the Department of Health, Licence for Pesticides to the Agriculture, Fisheries & Conservation Department, to Food Import Declaration Form to the Food and Environmental Hygiene Department, just to name a few.

The current arrangement is highly inefficient from an administrative point of view, thus a one-stop and standardised system of logging of all trade documents would be an ideal solution for ensuring productivity.

The trade concerns are mainly over cost and user-friendliness of the system.

Government agencies are not particularly known for being cost effective and user-oriented by seeking more economical solutions and a reduction in red tape.

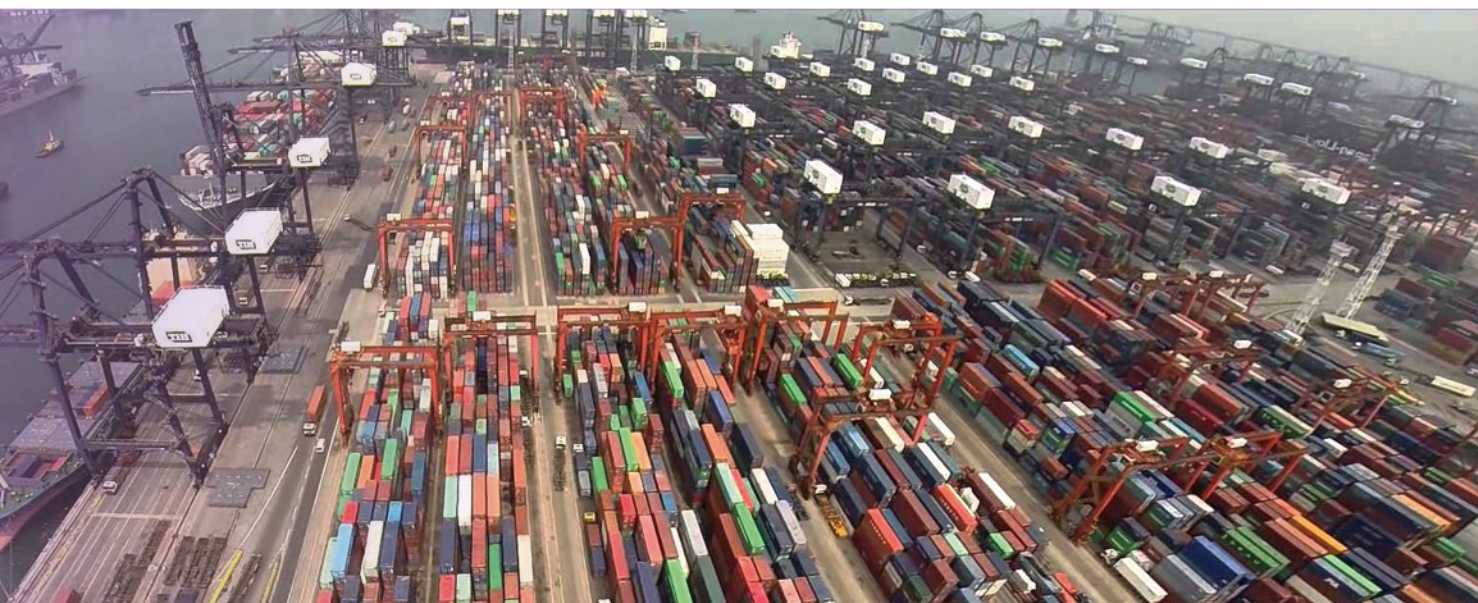
Therefore, the SW portal will have to be carefully crafted with extensive consultation with all stakeholders beforehand.

While stakeholders might welcome the single portal approach, changing the current post-shipment declaration to a pre-shipment declaration regime is another matter. Flexibility is a primary factor for Hong Kong to thrive and function as a global logistics hub so a stringent regime would only jeopardise it.

We understand that a pre-shipment declaration regime will help the Hong Kong Customs in risk assessment and control and it might also enhance cross-boundary predictability and clearance. However, the requirement of pre-shipment declaration may have an impact on its flexibility. Operation costs in Hong Kong are high at the moment and if flexibility is impaired, the Hong Kong trading and logistics industry will lose its competitive edge.

For these very reasons, the CEDB has taken a cautious approach in proposing a 3-phase implementation programme. There should be little problem for Phase 1 and 2 as the documents involved are already submitted on a pre-shipment basis at present.





The only change is that these documents are required to be submitted by electronic means instead of a hard copy. However, I fail to understand why CEDB is asking for pre-shipment submission of full TDEC details in Phase 3. There are a lot of details such as HS Codes, cargo value, etc. in the TDEC requirements which should not be included for pre-shipment submission.

It should also be considered that some foreign governments are already asking for advance cargo information (ACI). Examples include the 24-hour advance manifest requirements of the United States, the European Union, Japan, etc. Shippers are required to provide cargo details to shipping lines for submission of full cargo manifest to the foreign authorities at least 24 hours before cargo loading a vessel in Hong Kong. Accordingly, there should be no difficulty for Hong Kong to adopt a pre-shipment trade declaration as proposed.

Nevertheless, I must point out that advance manifest is not practised in all trades. There are no such requirements for Hong Kong's many trading partners, including Mainland China – Hong Kong's top trading partner. These trading partners include many major Asian countries who are also Hong Kong's important partners. By making the requirement universal, the pressure and difficulties for compliance are many.

In addition, there is no current requirement of HS code and cargo value on shipping

lines' manifests. In this instance, the Hong Kong government is requesting more than the stringent requirements of the foreign governments. The ACI, required for the sake of security, has incurred substantial extra costs to Hong Kong exporters in terms of compressed production lead time, higher inventory and capital cost, and stretched cash flow. The SAR government must understand the full negative impact of tightening the requirements.

I must also mention that there are still many amendments, despite the extra costs and risk of cargo being rejected, made after the data cut-off time in the trade where the 24-hour advance manifest requirements are practised. The amendment fees are substantial. No shipper would like to incur these additional costs if these costs can be avoided. The government should know that the need to keep the requirements to the minimum is genuine and that the scheme should also be flexible to allow amendments.

It is also necessary to point out the change covers both import and export. The overwhelming majority of cargoes passing through Hong Kong belong to import and re-export and unfortunately, transit time in Hong Kong is very short. The declaration time frames overlap with each other. In addition, cargoes coming from

the Mainland are often at very short notice. The more data required, the higher the likelihood of amendments afterwards. This will likely result in extra administration costs and further uncertainty.

I believe the current Road Cargo System (ROCAS) should be used as a model for the pre-shipment regime. The scheme has proven to be practical and acceptable by the trade. This is the model that the Hong Kong Trade Single Window should adopt if it is to maintain its position as a leading global logistics hub.

