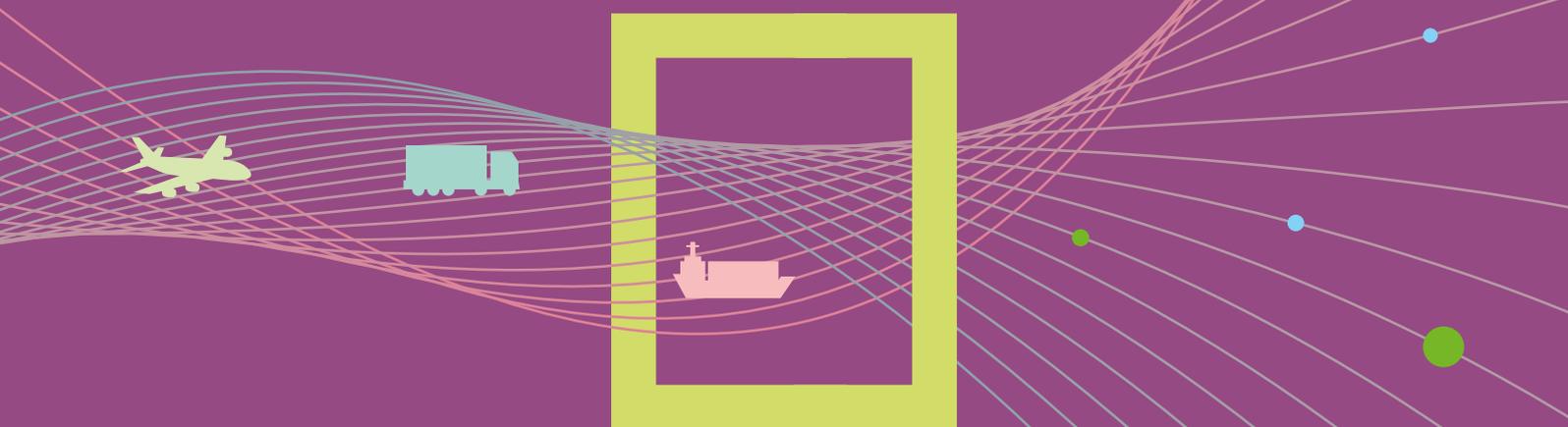


Development of Trade Single Window in Hong Kong Consultation Paper

April 2016



Commerce and Economic Development Bureau

CONSULTATION PAPER

DEVELOPMENT OF

A TRADE SINGLE WINDOW IN HONG KONG

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Executive Summary

Following mainstream international development and to uphold Hong Kong's competitiveness in trade in goods and position as a logistics hub, the Government is planning to set up a Trade Single Window (SW) in Hong Kong as a single information technology (IT) platform for the one-stop lodging of all trade documents from the trading community to the Government to facilitate trade declaration and customs clearance. The plan was announced by the Financial Secretary in his 2016-17 Budget Speech.

2. The current arrangements for trade control and facilitation in Hong Kong, and the overseas and Mainland experience with regard to SW development and the requirements for pre-shipment documentation are set out in Chapters 1 and 2. Details of the proposed SW are set out in Chapters 3 to 5 for inviting views from the public. A gist of the proposal is as follows.

SW Development and Operation

3. The SW will provide a single IT platform for the one-stop lodging of all business-to-government (B2G) documents for meeting regulatory requirements in relation to importing and exporting goods. The SW is expected to possess the technical capability to facilitate, if required in future, interfaces with business-to-business (B2B) platforms operated by the private sector and connections with SWs of other economies (Chapter 3 refers).

4. Consideration will also be given as to whether and how best the SW may take on board a new requirement for pre-shipment import and export declaration (TDEC) to replace the existing post-shipment requirement, as well as a new requirement for pre-shipment Cargo Reports to replace the existing requirements for Cargo Manifests and advance cargo information (Chapter 4 refers).

5. The development of a full-fledged SW is a mega project involving a substantial capital cost. A Project Management Office has to be set up within the Commerce and Economic Development Bureau to take forward the SW initiative, including the preparation of the detailed design, legislative and funding proposals and the implementation through private IT service providers. The Customs and Excise Department will operate the SW and run a SW Operation Centre to look after the future day-to-day maintenance and operation in future (Chapter 5.1 and Chapter 5.3 refer).

Fees and Value-added Service

6. On fees, the Government's policy is to provide goods or services on full-cost recovery basis, unless otherwise justified. Government agencies will review the existing fees for their services as well as justifications for those currently free-of-charge services, and identify possible cost savings with a view to achieving full-cost recovery as far as possible in the new SW environment. The change in the submission mode to be brought by the SW itself is neutral and should not attract a new fee(Chapter 5.3 refers).

7. SW users may make submissions to the system direct, or via accredited commercial players who may serve as value-added service providers (VASPs) providing enhancement services. Notwithstanding the trend of paperless trading, there may continue to be a need for paper conversion services under the future SW for some users. Such services should generally be left to the VASPs (Chapter 5.4 refers).

Phasing and Transitional Arrangements

8. Subject to implementation progress, the SW may roll out in three phases –

- (a) Phase 1 will cover documents and submissions that do not require legislative amendments in migrating to the SW (launch in 2018 the earliest);
- (b) Phase 2 will cover all documents and submissions except TDEC and Cargo Reports (launch in Q4 2021 the earliest); and
- (c) Phase 3 will cover TDEC and Cargo Reports (launch in Q4 2023 the earliest).

Phase 1 will be implemented on a voluntary basis. Phases 2 and 3 will each commence with a transitional period of not less than 12 months, subject to the passage of relevant legislative proposals mandating the use of the SW and funding proposals (Chapter 5.2 refers).

9. In preparation for the full and mandatory implementation of the SW (by 2024 the earliest), the Government's current contracts with the Service Providers of the existing Government Electronic Trading Service (GETS) will run until end 2018, and we plan to continue the GETS model through suitable arrangements until the new SW takes over (Chapter 5.5 refers).

Public Consultation

10. Views of the public are invited on the SW proposal. Specific questions include –

- (1) What are your views on the setting up of an SW in Hong Kong? Do the proposed key features outlined in this paper meet industry needs? Do you have any concern about using the future SW?
- (2) What are your views on the potential benefits and savings of the SW? Will the SW bring about other developments and opportunities for the trading, logistics and IT sectors and the community at large?
- (3) On pre-shipment TDEC and Cargo Reports, what are your views on –
 - (a) the operation and feasibility of requiring pre-shipment TDEC and Cargo Reports in Hong Kong;
 - (b) possible measures for addressing industry concerns with the implementation of pre-shipment TDEC and Cargo Reports in Hong Kong; and
 - (c) legal liability of carriers in ensuring that the goods in their possession are covered by the requisite trade documents?
- (4) What are your views on the initial timetable and the proposed phasing arrangements? What other measures would ease the transition to using the SW, apart from the proposed grace periods?
- (5) What are your views on the proposed SW operations and fee charging arrangements? What specific services do you wish to see the Government provide in running the SW and supporting users?
- (6) For private sector VASPs –
 - (a) what are your views on their possible service areas; and
 - (b) what are your views on their specific accreditation criteria?
- (7) What are your views on the proposed GETS extension beyond the existing contracts, for example, the service arrangement until the future SW takes over?

Chapter 1: Current Situation in Hong Kong

Trade in goods is the lifeblood of the Hong Kong economy. This Chapter sets out the existing arrangements for trade control and facilitation in Hong Kong.

1.1 Trade control

1.1.1 There are currently 51 business-to-government (B2G) trade documents and submissions required by nine government agencies for the trading of goods into, out of and through Hong Kong. Such documents are required for public policy reasons, such as statistics, levies and duties, anti-smuggling, public safety and health, and security purposes. A list is at **Annex A**. They fall under three broad categories –

- (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 (TDEC)*

1.1.2 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 goods¹. A trader (or his agent) is required to provide details on the trader, commodity, packaging, transportation, etc. via TDEC.

¹ “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.

1.1.3 Information contained in TDEC is used for calculating the declaration charges² based on the types and value of goods imported, exported or re-exported, and trade control purposes as necessary. Also, the information is used for compiling trade statistics as a measure of our trade position.

B. Cargo Manifest

1.1.4 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 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 (C&SD) for verification with TDEC lodged separately and for compilation of trade and cargo statistics.

C. Advance Cargo Information (ACI)

1.1.5 C&ED has introduced various non-fee-charging schemes for obtaining ACI pre-shipment generally for risk-profiling 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 clearance³. They are also encouraged to provide C&ED with information on exported goods;

² For food items, the declaration charge is \$0.2 per declaration; for other items, \$0.2 for the first \$46,000 of goods value and \$0.125 for each additional \$1,000.

³ Under the Memorandum of Understanding signed with C&ED, nine air cargo operators agreed to provide electronic ACI on imported goods via the ACCS voluntarily for the purpose of cargo clearance. This covers 100% of the air cargoes in 2015.

- (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 Scheme⁴.

1.1.6 The current regime for TDEC, Cargo Manifests and ACI is summarised at **Figure 1**.

⁴ In 2015, the submission rates under the voluntary ACI - RTVs Scheme and voluntary EMAN Statement One Submission Scheme for OGVs are 66% and 84% respectively.

Figure 1: Current Regime for TDEC, Cargo Manifest and ACI

Submission		Air Cargo	Sea Cargo	Road Cargo
TDEC (Mandatory)	Who to submit	One who imports, exports or re-exports (e.g. Trader/Forwarder/Agent)		
	When to submit	Post-shipment		
	How to submit	Electronic (Government Electronic Trading Services (GETS)) (paragraph 1.2.2 below)		
	Level of information	Consignment		
Statement One Cargo Manifest (Upon demand) ^A	Who to submit	Carrier		
	When to submit	Pre-shipment		
	How to submit	Paper	- Paper - Electronic record - Electronic (GETS)	Paper
	Level of information	Master & House		
Statement Two Cargo Manifest (Mandatory)	Who to submit	Carrier	Carrier	Trucker
	When to submit	Post-shipment	Post-shipment	Post-shipment ^B
	How to submit	Electronic (GETS)	Electronic (GETS)	Paper
	Level of Information	Master & House	Master & House	Consignment
ACI (Voluntary for air and water inbound cargoes, mandatory for all land cargoes)	Who to submit	Air Cargo Operator	Carrier & Forwarder/Agent	Trader & Trucker/Agent
	When to submit	Pre-shipment		
	How to submit	Electronic (ACCS)	For OGVs <i>EMAN Statement One Submission Scheme for OGVs</i> - Electronic (GETS) <i>e-SCC</i> - Electronic For RTVs <i>ACI - RTV Scheme</i> - Paper - Electronic	Electronic (ROCARS)
	Level of information	Master & House	Master & House	Consignment

^{A.} In practice, C&ED would request Statement One Cargo Manifest from a carrier of sea or trucker if the vessel or vehicle is selected for cargo inspection in the waters of Hong Kong or at the boundary control points. For sea cargo, C&ED may also issue a notice to request a carrier to submit a Statement One Cargo Manifest (five days for OGVs and the same day for RTVs) before the vessel arrives Hong Kong.

^{B.} Known as Road Manifest. In practice, truckers will submit the Road Manifest when they cross the boundary control points.

D. Licences, Permits and Other Documents

1.1.7 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 fulfil Hong Kong's international obligations, and to protect public health and safety, the environment, intellectual property rights, etc..

1.1.8 At present, 40 import and export licences, permits and other documents are required by law⁵. The submission requirements vary for different types of goods. In general, they are subject to government fees set on full-cost recovery level unless otherwise justified.

1.2 Trade Facilitation

1.2.1 Many initiatives have been engendered over the years to ease the burden of trade control over traders, shippers, freight forwarders, agents, and carriers alike and to speed up customs clearance. Many schemes are in place to help stakeholders meet trade document requirements by electronic means.

1.2.2 GETS was introduced in 1997 as a front-end electronic service mandatory for the trading community to submit commonly used trade documents⁶ to government agencies via private sector Service Providers (SPs)⁷.

⁵ One of which is the Certificate of Origin, which is a trade facilitation measure for facilitating export of Hong Kong products to external markets.

⁶ At present, it covers TDEC, Certificate of Origin, Dutiable Commodities Permit and Cargo Manifest for air and sea mode (i.e. (a) Statement One Cargo Manifest (sea mode) (upon demand), (b) Statement Two Cargo Manifest (air mode), (c) Statement Two Cargo Manifest (sea mode) and (d) voluntary EMAN Statement One Submission Scheme for OGVs).

⁷ GETS are now run by three SPs which receive B2G submissions from traders and carriers, verify their identities, validate the data and transmit them to the Government. SPs do not charge the Government, but collect fees from users which are subject to ceilings pre-agreed with the Government. A range of value-added services are also provided by the SPs.

1.2.3 The ACI schemes described in paragraph 1.1.5 above are also facilitative in nature. For example, under the ACCS, cargoes not selected for inspection will be given instant clearance; under ROCARS, trucks not selected for inspection may pass through the boundary control points non-stop⁸.

1.2.4 Trade document and submission requirements not covered by the above schemes may be met by the trading community by conventional paper or electronic means, subject to applicable statutory provisions and requirements of individual government agencies.

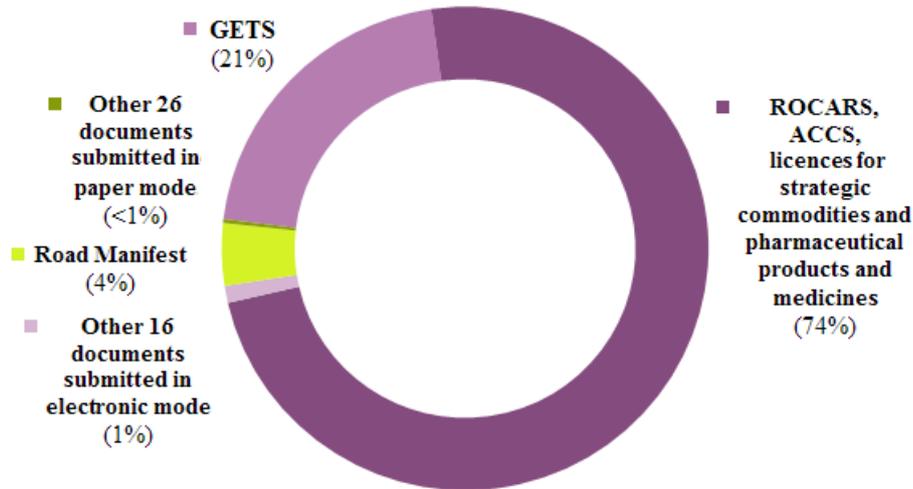
1.3 Submission Mode

1.3.1 In 2015, the 51 B2G documents accounted for about 90 million transactions in total. In terms of submission mode as set out in Figure 2 –

- (a) 24 documents are being submitted in electronic mode (optional for some though) and account for 96% of the total transaction volume. Of these 24 documents –
 - (i) four are covered by GETS, accounting for 21% of the total transaction volume;
 - (ii) four are more voluminous and account for 74% of the total transaction volume. They are submissions to ROCARS and ACCS, and licences for the import or export of strategic commodities as well as pharmaceutical products and medicines; and
 - (iii) the remaining 16 documents together account for 1% of the total transaction volume; and
- (b) 27 documents are being submitted in paper mode. Of the 27 documents -
 - (i) the road manifest accounts for 4% of the total transaction volume; and
 - (ii) the remaining 26 documents are mainly licences and permits for the import or export of controlled goods. Together they account for less than 1% of the total transaction volume.

⁸ ROCARS allows C&ED to introduce the Intermodal Transshipment Facilitation Scheme, whereby air – land / sea – land cargoes will only be subject to inspection once (if selected) on entry into or departure from Hong Kong, if the containers are equipped with pre-approved electronic locks and Global Positioning System devices.

Figure 2: Breakdown of the 51 B2G Documents by Submission Mode



24 Documents (Submitted in Electronic Mode)	27 Documents (Submitted in Paper Mode)
<p>(a)(i) Four Documents under GETS (21%)</p> <ol style="list-style-type: none"> 1. TDEC 2. Cargo Manifest (Air and Water Modes) 3. Permit for Dutiable Commodities 4. Certificate of Origin <p>(a)(ii) ROCARS, ACCS, licence for strategic commodities and pharmaceutical products and medicines (74%)</p> <ol style="list-style-type: none"> 5. Submission to Road Cargo System (ROCARS) 6. Submission to Air Cargo Clearance System (ACCS) 7. Licence for Strategic Commodities 8. Import/Export Licence for Pharmaceutical Products and Medicines <p>(a)(iii) Other 16 documents (1%)</p> <ol style="list-style-type: none"> 9. Advance Cargo Information - River Trade Vessel (ACI-RTV) Scheme 10. EMAN Statement One Submission Scheme for Ocean Going Vessels (OGV) 11. Submission of House Level Bill of Lading under E-Sea Customs Clearance (e-SCC) Scheme 12. Manifests submitted by Ocean Going Vessels (OGV) and River Trade Vessels (RTV) on request 13. Import and Export Statement for Dutiable Commodities 14. Transshipment Certificates under the Economic Cooperation Framework Agreement between the Mainland and Taiwan (ECFA) and the Free Trade Agreement Transshipment Facilitation Scheme 15. Kimberley Process Certificate 16. Licence for Import Plant 17. Permission for Import of Game, Meat and Poultry 18. Health Certificate for Foods of Animal Origin 19. Permission for Import of Milk, Cream and Milk Beverage 20. Permission for Import of Frozen Confections 21. Permission for Re-Export of Game, Meat and Poultry through Hong Kong to the Mainland/Macau 22. Transshipment Notification for Radiocommunications Transmitting Apparatus 23. Import and Export Permit for Radiocommunications Transmitting Apparatus 24. Removal Permit for Sand 	<p>(b)(i) Road Manifest (4%)</p> <ol style="list-style-type: none"> 1. Cargo Manifest (Road Mode) <p>(b)(ii) Other 26 documents (<1%)</p> <ol style="list-style-type: none"> 2. Submission of Importer Information 3. Declaration of Cargo Agents /Designated Places for Storage of Inbound/Transshipment Containers 4. Licence for Controlled Chemicals (Customs and Excise Department) 5. Removal Permit for Controlled Chemicals in Transshipment 6. Licence for Optical Disc Mastering and Replication Equipment 7. Certification of non-U.S. Frozen Chicken Products Transhipped to the Mainland through Hong Kong 8. Notification for Optical Disc Mastering and Replication Equipment 9. Import/Export Licence for Rice 10. Import/Export Licence for Proprietary Chinese Medicines 11. Import Licence for Radioactive Substances and Irradiating Apparatus 12. Import Permit for Biological Materials 13. Import/Export Licence and Certificate for Dangerous Drugs 14. Removal Licence for Dangerous Drugs 15. Import/Export Licence for Chinese Herbal Medicines 16. Licence to Export/Re-export Endangered Species 17. Licence for Pesticides 18. Special Permit for Import of Dogs and Cats from Overseas 19. Re-export Certificate for Species of non-Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or not yet Controlled under the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586) 20. Special Permit for Import of Food/Pet Reptiles 21. Permit for Import of Mammals from the Mainland and Animal Products 22. Special Permit for Import of Animals and Birds from Overseas 23. Licence to Import/Introduce from the Sea for Endangered Species 24. Food Import Declaration Form 25. Import Licence for Frozen or Chilled Meat and Poultry 26. Licence for Scheduled Chemicals (Environmental Protection Department) 27. Licence for Ozone Depleting Substances

Chapter 2: Overseas and Mainland Experience

This Chapter looks into the B2G trade document arrangements in places outside Hong Kong, specifically with regard to the development of a Trade Single Window (SW) and the requirements for pre-shipment documentation.

2.1 The Concepts and Benefits of SW

2.1.1 The establishment of SWs for trade facilitation is championed by the United Nations, World Customs Organization (WCO), World Trade Organization (WTO) and the Asia-Pacific Economic Cooperation (APEC). The definitions of SW adopted by these organisations are at **Annex B**.

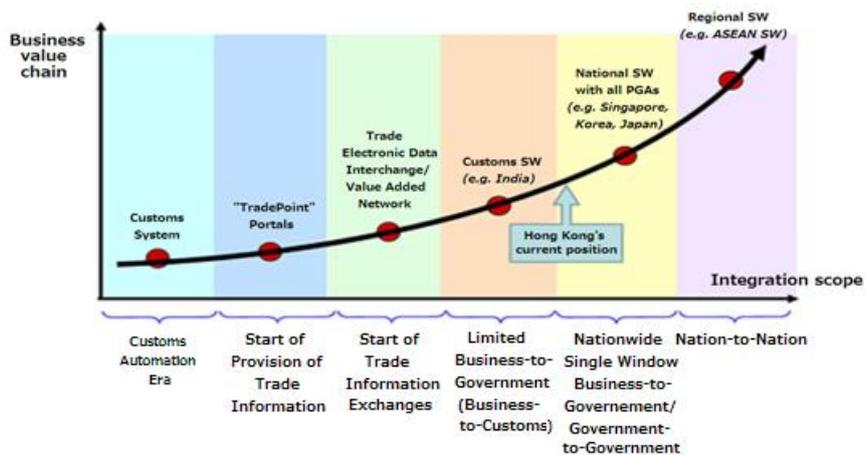
2.1.2 In gist, an SW is a single information technology (IT) platform for the submission of B2G documents for meeting regulatory requirements of trade in goods. The need for traders to approach different government agencies individually would be obviated. Information collected through the SW will be harmonised and standardised, and shared between relevant government agencies electronically.

2.1.3. As a result, B2G trade documents will be processed with improved efficiency and effectiveness for both the government and the trading community. Traders may also benefit from speedier customs clearance.

2.2 International Development of SW

2.2.1 In view of the need for inter-agency coordination and streamlining of complicated procedures, many governments have adopted an incremental and phased approach in the implementation of SWs, with each stage covering a selected group of government agencies. Figure 3 shows an evolutionary model of SW development.

Figure 3: Evolution of SW ⁹



2.2.2 According to the World Bank’s Doing Business Report in 2014, 73 economies have developed SWs of sorts (**Annex C**). 18 of them have put in place an SW that links all relevant government agencies electronically and the remaining 55 only do so partially. Hong Kong’s GETS (see Chapter 1) is recognised as a partial SW.

2.3 SW connectivity

2.3.1 In addition to establishing SWs, international organisations also encourages cross-border paperless trade¹⁰. Hong Kong’s major trading partners in the region, such as the Mainland and the Association of South East Asian Nations (ASEAN), are working in that direction. The vision is to connect established SWs to enable them to interoperate with each other.

⁹ “Ten Years of Single Window Implementation: Lessons Learned for the Future”, Jonathan Koh, Global Trade Facilitation Conference, 2011.

¹⁰ The United Nations’ Economic and Social Commission for Asia and the Pacific (ESCAP), in its Resolution 68/3, encourages members and associate members to “consider entering into bilateral and sub-regional agreements on the cross-border recognition and exchange of trade-related documents as building blocks towards regional and global cross-border paperless trade”. In the process of implementation, ESCAP is developing a regional arrangement for facilitating cross-border paperless trade.

2.3.2 The ASEAN SW (ASW)¹¹ seeks to interconnect the national SWs of the ten ASEAN Members States, and is being implemented in stages beginning from 2015. As regards the Mainland, the Action Plan on the Belt and Road Initiative recommends that an SW should be established in border ports to contribute to unimpeded trade and enhance information exchanges with countries along the route. The State Council has underlined the aim for all local ports to develop their respective SWs by 2017. So far, 27 economies along the Belt and Road have put in place SWs (see **Annex C**).

2.3.3 In addition to handling B2G trade submissions, SWs may also be connected with other business-to-business (B2B) systems to facilitate interaction of different stakeholders along the international supply chain, for example, warehouses and terminal operators. Such connections will also contribute to Hong Kong's position as a logistics hub.

2.4 Pre-shipment Documentation

2.4.1 International customs cooperation has been tightening up in the post-911 world to ensure security and safety with an emphasis on anticipating and managing risks. This is made possible with the increasing use of pre-arrival documentation. Some of the international best practices in this regard are set out in **Annex B**.

2.4.2 A trade or customs declaration is typically an official document submitted by an importer or exporter to state the details of the goods being shipped. Unlike TDEC in Hong Kong, which is submitted post-shipment and mainly used for trade statistics compilation, declarations in other economies are submitted pre-shipment for customs authorities to assess risk and value duties for release decision prior to the arrival or departure of goods. Under this arrangement, both the customs authorities and traders can better organise their work in advance. Pre-arrival processing helps expedite release, reduce bottlenecks at border crossings, support timely delivery, and cut storage, insurance and transaction costs.

¹¹ ASEAN Economic Ministers signed an agreement in 2005 for an ASW to be set up by 2012. The implementation of ASW pilot project to support the exchange of electronic certificate of origin has begun in stages since 2015.

2.4.3 The cargo manifest is another document that contains details of goods. Cargo manifests are submitted or produced by carriers based on broad information in the bill of lading (generally known as master level manifests). Freight agents, or forwarders, who normally possess more information, are sometimes required to produce more detailed information (general known as house level manifests). Manifests allow customs authorities to enhance cargo control, identify and respond to risks at the border, and value duties before the release of cargoes. In general, major economies (including many of Hong Kong's main trading partners, such as the Mainland and Japan) have required production of manifests on a pre-shipment basis. In contrast, Hong Kong's approach in cargo manifest and ACI requirement looks fragmented (see Chapter 1).

Chapter 3: Single Window for Hong Kong

This Chapter discusses the case for developing a full-fledged SW in Hong Kong, and invites views on the proposed key features of this initiative.

3.1 The Need for an SW in Hong Kong

3.1.1 As mentioned in Chapter 1 above, notwithstanding a number of trade facilitation schemes, a great many B2G trade document requirements are now being met by conventional paper means (over the counter, by mail, etc.). GETS, as a pioneer IT initiative since 1997, now look rather dated given the sea change in the online environment in recent years. Regardless of the availability of electronic services or otherwise, stakeholders have to deal with each and every government agency separately as may be required at different points of time. The fragmented approach is not conducive to the efficient processing of incoming and outgoing goods, taking a toll on not only the trading community but also government agencies such as C&ED¹².

3.1.2 Experience in economies outside Hong Kong has shown that establishing an SW can improve information flow between traders and the Government and within the Government, and provide an opportunity for process streamlining and data harmonisation. The savings in costs will be beneficial to all parties involved in cross-border trade.

3.1.3 Many industry stakeholders acknowledge the international trend and benefits of establishing SWs and welcome early implementation in Hong Kong.

3.1.4 To maintain our competitiveness as an international trading centre and position as a logistics hub, there is a strong case for Hong Kong to establish a full-fledged SW as early as possible.

¹² For example, C&ED relies on the availability of timely trade and cargo information to profile risk. The Department is able to obtain cargo manifest information, but not licence and permit information as they are kept by the respective government departments. Law enforcement officers would only be able to check the licences and permits upon arrival or departure of the goods in question in Hong Kong, and this leads to additional time required for customs clearance.

3.2 Hong Kong SW

3.2.1 The Financial Secretary mentioned in his Speech for the 2016-17 Budget that –

“To further facilitate trade in goods, we shall establish a SW for “one-stop” lodging of all the 50-plus trade documents and submissions with Government for trade declaration and customs clearance purpose. The SW will connect with other governments’ systems as well as trade information platforms run by the private sector. Government will set up a dedicated office to coordinate with the relevant departments, engage the industries and prepare the detailed design and implementation programme for the SW. It is expected that the first phase of the initiative will be launched in 2018.”

3.2.2 Taking into account initial industry views¹³ and international best practices¹⁴, key features of the proposed SW in Hong Kong are set out below.

A. Coverage and Functions

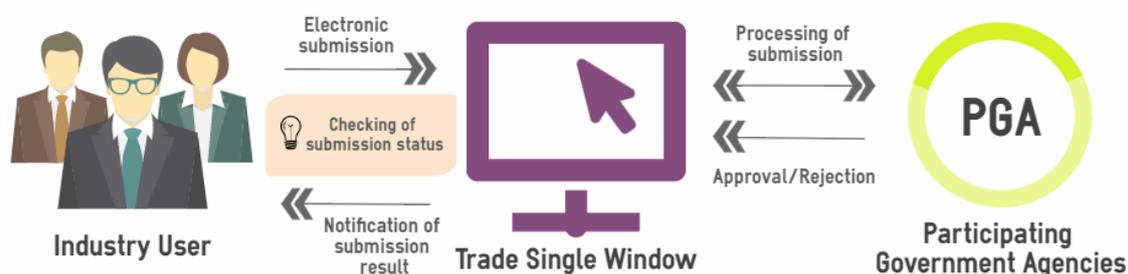
3.2.3 The SW should become a central IT platform for the one-stop lodging of all documents from the trade to the Government that are required on a shipment or consignment basis for the trading of goods into, out of and through Hong Kong. Related payments may also be made through the SW. The SW may also serve as a central database containing relevant and updated regulatory requirements for the trading community’s reference.

3.2.4 Each government agency (referred to as participating government agency (PGA)) will remain the authority to process the submissions and determine whether the requisite requirements have been met. Users will be notified of the application status and results through the SW. The flow of information is outlined in Figure 4 below.

¹³ Collected through a series of engagement sessions in summer 2015.

¹⁴ The international best practices for the development of SW can be found in, among others, the “Recommendation and Guidelines on Establishing a Single Window” by the United Nations Centre for Trade Facilitation and Electronic Business in 2005, WCO Compendium “How to Build a Single Window Environment” Volume 1: Executive Guide (2011)”, as well as “Single Window Planning and Implementation Guide (2012)” by ESCAP.

Figure 4: Flow of Information



B. Sharing of Information

3.2.5 To minimise repetitive data inputs and errors, the SW will allow industry users to reuse consignment information as they authorise among themselves. The trading community will benefit from enhanced efficiency, data integrity and consistency, as well as savings in administrative costs. Safeguards will be built in to protect data confidentiality and information security, etc..

3.2.6 Information submitted by traders may be shared between relevant PGAs on a strictly need-to-know basis for processing, clearance, enforcement and statistical purposes. This will be supported by a legal framework governing the SW operation and use of such restricted information.

C. External Connections

3.2.7 The SW should include the technical capability to facilitate the future connection with SWs maintained by other economies as well as for interfacing with B2B platforms.

3.2.8 Connection with other SWs is subject to technical development elsewhere and conclusion of bilateral agreements between customs jurisdictions. On the other hand, connection with B2B platforms maintained by the private sector must be driven by market forces where there is a business case. But early development of the SW is a pre-requisite to taking advantage of such opportunities.

Question 1:

What are your views on the setting up of an SW in Hong Kong? Do the proposed key features outlined above meet industry needs? Do you have any concern about using the future SW?

- (a) Coverage and Functions.** For example, what specific functions should the SW perform, apart from receipt of applications and payments as well as issue of licences and permits?
- (b) Sharing of information.** For example, what safeguards may be necessary to ensure the proper handling of the data by the parties concerned?
- (c) External connections.** For example, what opportunities and benefits can you see as regards SW connectivity with other SWs and B2B platforms and what SW development may help realise such opportunities?

3.3 Benefits and Savings

3.3.1 The setting up of an SW will not only align Hong Kong with international development but also gear ourselves up to tap on the opportunities that would arise from better linkages with other economies, for example, those along the Belt and Road.

3.3.2 With the SW in operation, the trading community will be able to lodge B2G documents online round the clock via devices of their choice or through their agents, and track the status of their applications and submissions in the same manner. They will no longer need to approach different government agencies individually, and may do so expediently through a centralised paperless platform. Relevant regulatory requirements will be clearly explained through the SW information database. With information required for the processing of trade documents harmonised, data can be reused more conveniently, thus minimising data input effort as well as manual errors. Users may also share consignment data between themselves to ensure data integrity and consistency, hence easing the submission process. By promoting paperless trading, potential delays in the processing of various trade documents will be reduced, and manpower may be saved. The trading community is estimated to save up to around \$860 million to \$1,500 million per annum (at today's prices) in administrative costs after the SW is fully implemented.

3.3.3 For the Government, the sharing of crucial information between agencies will be conducive to efficient trade control and facilitation. C&ED and the traders will be notified of issuance of licences or permits for consignments in tandem, obviating the need for C&ED to examine paper licences or permits upon arrival or departure in Hong Kong, saving around \$8 million per annum in staff cost. It would be easier to ascertain traders' compliance with legal and procedural requirements given up-to-date and comprehensive information captured by the SW. The SW will also create opportunities for PGAs to promote online services, streamline business processes, and integrate computer systems¹⁵.

3.3.4 On the government-to-government (G2G) level, the SW will facilitate customs cooperation and connectivity. Exchange of specified trade information between SWs of different economies will in turn expedite the cargo clearance process and enhance trade efficiency¹⁶.

3.3.5 The SW unifying the B2G interface will be an important building block for any wider e-commerce initiative, such as possible connection with private sector B2B systems to improve coordination among traders, logistics operators, and agents alike and enhance efficiency along the supply chain. The trading, logistics and IT sectors and the community at large will stand to benefit.

Question 2:

What are your views on the potential benefits and savings outlined above? Will the SW bring about other developments and opportunities for the trading, logistics and IT sectors and the community at large?

¹⁵ For example, integration of computer systems of TDEC and electronic manifests is estimated to reduce maintenance cost by up to around \$32 million per annum.

¹⁶ The importing economy can receive cargo information from the exporting economy ahead of its arrival which facilitates risk assessment and cargo clearance. Getting information from the source (exporting economies) can also improve data quality. Both the importing and exporting economies can compare the information about the same cargo for comparative risk analysis.

3.4 Implications

3.4.1 The SW project is a mega scale requiring a substantial capital cost¹⁷. Putting all the 51 B2G trade documents and submissions, with some 90 million transactions a year¹⁸ and covering more than 5 000 data items, under one SW roof requires review and rationalisation of numerous procedures and business processes (which is now entrenched in over 15 Ordinances and 14 pieces of subsidiary legislation, departmental practice and culture, and IT infrastructure developed over time), as well as extensive data harmonisation and alignment.

3.4.2 For the industry, the development of an SW in Hong Kong may necessitate changes to their modus operandi, IT set-up, transitional training for staff, etc..

3.4.3 Implementation proposals to address such implications are discussed in Chapter 5.

¹⁷ IT projects of comparable scale include the Next Generation Smart Identity Card System (a capital cost of \$1,449 million of which \$967 million is for the development of a new IT system) and the first stage of the Electronic Health Record Development Programme (a capital cost of \$702 million).

¹⁸ The estimated volume of 90 million transactions a year for the 51 B2G trade documents and submissions is four times that of GETS at present.

Chapter 4: Pre-shipment Documentation for Hong Kong

This chapter discusses the case for, taking the unique opportunity of the SW development, switching the documentation requirement from post-shipment to pre-shipment in line with the mainstream and best practices of world customs jurisdictions (Chapter 2), and invite views for the Government's consideration. The pre-shipment documentation regime entails a significant number of operational details that are subject to discussion with the trade.

4.1 Possible benefits of a pre-shipment documentation regime

Simplification of Cargo Manifest and ACI Requirements

4.1.1 At present, traders are required to submit TDEC within 14 days after the actual shipment of goods into or out of Hong Kong, and carriers are also so required regarding Statement Two Cargo Manifests. The information is used for trade statistics purposes instead of customs clearance. On the other hand, C&ED relies on information from ACI and Statement One Cargo Manifests for risk-profiling in customs clearance, but suffers from information gap as ACI and Cargo Manifests are limited in scope than TDEC. In face of such an information gap, C&ED now detains certain cargoes solely for the purpose of acquiring supplementary information, such as detailed consignee and cargo descriptions, for risk-profiling. Quite often, cargoes so detained are subsequently released without inspection, based on updated risk assessment with reference to the supplementary information.

4.1.2 Under a simple pre-shipment documentation regime, there is room for streamlining and rationalising the existing myriad of submission requirements pre-shipment and post-shipment.

4.1.3 A pre-shipment TDEC to be submitted by traders, together with a new, standardised Cargo Report to be submitted by carriers (and forwarders where appropriate), will serve all trade statistics, risk-profiling and customs clearance purposes. They will obviate all Cargo Manifests (Statements One and Two) and existing trade facilitation schemes¹⁹ for obtaining ACI. Carriers will no longer be required to submit similar information more than once²⁰.

¹⁹ The trade facilitation measures for ACI include the ACCS (for air cargo), ROCARS (for road cargo) and the various voluntary schemes for RTVs and OGVs (for sea cargo).

²⁰ At present, carriers are required to submit Statement One Cargo Manifests and / or ACI pre-shipment for customs clearance, as well as Statement Two Cargo Manifests post-shipment for matching with TDEC. Data items such as description of goods, quantities, etc. are being submitted more than once. Data items (covering carrier information, cargo information, transportation details, etc.) contained in Statement One Cargo Manifests are also repeated in Statement Two Cargo Manifests.

4.1.4 The new Cargo Report should be submitted at the master (general) level by carriers and at the house (detailed) level by forwarders of air and sea cargoes because master (general) level information possessed by carriers may not be detailed enough for effective risk-profiling²¹. As regards road cargoes, a trucker will simply need to “bundle” the TDEC number and vehicle number for submission to satisfy the Cargo Report requirement²².

4.1.5 A schematic presentation of the pre-shipment documentation regime is at Figure 5 (cf. the current regime at Figure 1).

Figure 5: Pre-shipment Documentation Regime

Submission		Air Cargo	Sea Cargo	Road Cargo
TDEC (Mandatory)	Who to submit	One who imports, exports or re-exports (e.g. Trader/Forwarder/Agent)		
	When to submit	Pre-shipment		
	How to submit	Electronic (SW)		
	Level of information	Consignment		
Cargo Report (Mandatory)	Who to submit	Carrier & Forwarder	Carrier & Forwarder	Trucker ^A & Trader (for exempted articles) ^B
	When to submit	Pre-shipment		
	How to submit	Electronic (SW)		
	Level of Information	Master & House	Master & House	Consignment

A. Truckers will simply need to “bundle” the TDEC number and vehicle number for submission.

B. For “exempted articles” that are exempted from the TDEC requirement (see footnote 1), the traders concerned will submit a simplified set of pre-shipment information (based on the eight items in ROCARS submission).

²¹ Requesting mandatory house level information from the forwarders direct not only saves resources for the Government to trace that information, but also minimises the risk of cargo detention and inspection for traders.

²² For road cargoes containing “exempted articles” that are exempted from the TDEC requirement (see footnote 1), the trader concerned will submit a simplified set of pre-shipment information (based on the eight items in ROCARS submission). The trucker concerned will have to “bundle” the reference number of the trader’s submission and vehicle number for submission.

Seamless Cargo Clearance

4.1.6 Availability of TDEC information pre-shipment, together with other pre-shipment information, would allow C&ED to carry out more effective risk-profiling and hence more targeted enforcement work. Traders are expected to enjoy a smooth and seamless cargo clearance. For example, the experience of Japan showed that the time required to release sea and air cargoes has been significantly reduced from 4.1 hours to 1.7 hours (i.e. 59%) and 0.6 hours to 0.3 hours (i.e. 50%) respectively due to pre-shipment declaration.

4.1.7 Hong Kong is the only major trading economy in the world allowing post-shipment TDEC. Other economies generally require a single pre-shipment TDEC for both duties valuation and customs clearance purposes. Requiring TDEC prior to the arrival or departure of goods would allow cross-border cooperation through the exchanges of information, such as mutual recognition of cargo examination results between customs administrations. Without a pre-shipment declaration regime, Hong Kong may not be able to join similar trade facilitation measures with other customs jurisdictions in the future. Also, pre-shipment TDEC will obviate the need for C&ED to detain cargoes solely due to the lack of information required for risk-profiling, as the department does now.

Enhanced Trade Control and Enforcement

4.1.8 A pre-shipment documentation regime would also enhance trade control and enforcement. For instance, it is expected that pre-shipment information could assist relevant government agencies to trace importer information and shipment details in case of food incidents. As pre-shipment TDEC will become a prerequisite for customs clearance, there will be no need for C&SD to maintain some 70 staff (with an annual staff cost of about \$16 million) to follow up on discrepancies between cargo manifest submitted by carriers and TDEC submitted by traders post-shipment.

4.2 Feasibility and Concerns

4.2.1 In formulating the above pre-shipment documentation proposal, we have taken into account views of various industry stakeholders, particularly through engagement sessions in the summer of 2015. In principle, we believe that a pre-shipment documentation regime is feasible in Hong Kong as the local trading community is capable of complying with pre-shipment submission requirements of other customs jurisdictions, as well as current local ACI requirement. What we propose is basically an alignment of our trade documentation requirements with the international customs norm and best practices of major customs jurisdictions.

4.2.2 Initial views on the idea are varied. Some showed appreciation of the opportunity for striking a better balance between trade control and facilitation with the long term benefits outlined above. Some carriers also see room to review their existing legal responsibilities of ensuring coverage of goods they carry by proper trade documents, which they think should be borne by traders and their forwarders with the submission of pre-shipment TDEC.

4.2.3 On the other hand, some stakeholders were concerned about the feasibility of a pre-shipment TDEC scheme in Hong Kong as some information might not be available on time. Noting the transshipping and re-export nature of most cargoes, traders were only the middlemen and were not always given the information early enough to make pre-shipment TDEC on behalf of the real consignors and consignees outside Hong Kong. They might also need to spend time and costs to make post-shipment amendments, as in practice there would likely be changes in carriers' schedules, consignment size, etc.. Some were also concerned about the legal liability for mis-reporting²³.

4.2.4 Some saw this as a weakening of Hong Kong's competitive advantage in having a simple and efficient customs regime that is time-honoured vis-à-vis other ports in the region. Stakeholders at large may not necessarily find the incentive to move away from the established post-shipment arrangements²⁴.

²³ Notably, forwarders and carriers of time-sensitive cargoes, such as air and express cargoes, were concerned about potential impacts on timeliness of clearance and smoothness of operation. Those of river trade cargoes had a particular concern because they worked under short turn-around time. Any hindrance in the pre-shipment reporting process would have a knock-on effect.

²⁴ Some did not see a clear potential for enhanced trade facilitation, as they were already enjoying a very low customs inspection rate in Hong Kong, especially for exports. Neither did they feel any threat of tightening scrutiny of goods from Hong Kong imposed by other economies.

4.2.5 We acknowledge that requiring pre-shipment TDEC and Cargo Reports would represent a paradigm shift from our existing position and are prepared to listen to the genuine concerns of the industry through this consultation exercise. We will work closely with stakeholders in developing the future arrangements and finding possible ways to address their concerns, for example, by giving sufficient time²⁵ for parties to submit pre-shipment TDEC (taking into consideration the operation of different transport modes of cargoes), allowing certain post-deadline amendments that are reasonably or genuinely necessary, allowing TDEC charges to be made within 14 days post-shipment, and ensuring reasonable information requirement of pre-shipment TDEC.

Question 3

On pre-shipment TDEC and Cargo Reports, what are your views on -

- (a) the operation and feasibility of requiring pre-shipment TDEC and Cargo Reports in Hong Kong;**
- (b) possible measures for addressing industry concerns with the implementation of pre-shipment TDEC and Cargo Reports in Hong Kong; and**
- (c) legal liability of carriers in ensuring that the goods in their possession are covered by the requisite trade documents?**

²⁵ For example, a reasonable time before the arrival or departure of the flight, vessel or vehicle in question, say 24 hours to 30 minutes.

Chapter 5: Implementation Proposals

This Chapter invites views on the detailed implementation proposals.

5.1 SW Development

5.1.1 We **propose** that the SW should be set up and operated by the Government, given the nature of the facility as a single central IT platform for receiving and processing all trade related B2G documents that are required on a shipment or consignment basis for meeting regulatory requirements. This is also in line with arrangements in many other economies.

5.1.2 The Commerce and Economic Development Bureau (CEDB) is taking the lead in developing the SW with the support of all PGAs concerned and the Office of the Government Chief Information Officer.

5.1.3 A dedicated Project Management Office (PMO) will be set up within the CEDB to take forward the proposal. Specific tasks include –

- (a) engaging stakeholders to collect views on implementation details;
- (b) mapping out the detailed planning and design (e.g. business process review and data harmonisation work);
- (c) preparing legislative proposals²⁶ to underpin the SW;
- (d) seeking funds from the Legislative Council (LegCo); and
- (e) carrying out the development through IT service providers.

²⁶ Over 15 principal Ordinances and 14 pieces of subsidiary legislation have been identified for amendment.

5.2 Phasing Arrangements and Initial Timetable

5.2.1 Building a full-fledged SW for Hong Kong, with a possible switch to a pre-shipment TDEC and Cargo Report regime in tandem, is an ambitious exercise. To reap early benefits of the changes, the SW should cover trade documents in batches as soon as they are ready²⁷. We **propose** that the future SW be implemented in three phases as follows -

- (a) Phase 1 – covering 14 documents that do not require legislative amendments in migrating to the SW (**Annex D**), giving traders an option of electronic submission in addition to the existing mode;
- (b) Phase 2 – covering 14 documents under Phase 1 and 26 more (**Annex E**), after legislative amendments have been made to make submission to the SW mandatory; and
- (c) Phase 3 – covering pre-shipment TDEC and the proposed Cargo Report, subject to the introduction of a pre-shipment documentation regime that would take over GETS and other trade facilitation schemes eventually²⁸ (Chapter 5.5 below).

5.2.2 Key features of SW Phases 1 and 2 are proposed in **Annex F**, and those of SW Phase 3, in **Annex G**.

5.2.3 The planning and development of the SW will take into account the result of this consultation exercise. The planning for Phase 1 is now underway for expeditious development and rolling out as early as possible, tentatively scheduled for Q1 2018, to solicit and cultivate early buy-in of the SW initiative across different stakeholders for voluntary use.

5.2.4 The development of Phases 2 and 3 will be subject to the passage of the legislative and funding proposals by LegCo (by Q1 2019 tentatively) and tendering thereafter. Taking into account the development time needed (full service roll out in about four years after the tender award), our initial plan is to roll out Phase 2 in Q4 2021 the earliest and Phase 3 in Q4 2023 the earliest. This represents a very tight timetable for a project of this scale, subject to the support of the industry and LegCo and necessary adjustment as the project progresses.

²⁷ The SW will also cover B2G trade documents and submissions that will be required in the future.

²⁸ For other trade facilitation schemes (see footnote 19), they will continue their existing services until the full implementation of the SW.

5.2.5 To ease transition, we **propose** that Phases 2 and 3 will each commence with a transitional period of not less than 12 months, during which traders may make the submissions either through the SW or in the existing manner, before the use of the SW is made mandatory.

Question 4

What are your views on the initial timetable and the proposed phasing arrangements? What other measures would ease the transition to using the SW, apart from the proposed grace periods?

5.3 SW Operation and Fees

5.3.1 Following development of the SW, C&ED, as the law enforcement agency responsible for trade control and facilitation and customs clearance of goods going through the boundary, will operate the new government facility on a daily basis and provide help desk services to users. Trade documents and submissions received through the SW will be passed onto PGAs which will remain the authority to process them²⁹.

5.3.2 To use the SW, users may register as a company or as an individual, with their Business Registration number, Hong Kong Identity Card number or other acceptable identifiers. The PMO will work to ensure that the IT requirements for using the SW, including those relating to mobile devices, will be as basic as practicable.

5.3.3 It is 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 goods or services, unless otherwise justified. Amongst the 51 B2G documents and submissions to be covered by the future SW, documents that are currently fee-charging are listed in **Annex H**, and the remaining are free of charge.

5.3.4 PGAs will review the existing fees for their services as well as justifications for those currently free-of-charge services, and identify possible cost savings with a view to achieving full-cost recovery as far as possible in the new SW environment. The change in the submission mode to be brought by the SW is neutral and should not attract a new fee.

²⁹ They may continue to provide assistance to their stakeholders to meet the regulatory requirements (e.g. enquiry service over the web, counter and telephone).

Question 5

What are your views on the proposed SW operations and fee charging arrangements? What specific services do you wish to see the Government (C&ED and other PGAs) provide in running the SW and supporting users?

5.4 Value-added Services

5.4.1 As a government facility, the SW will only provide basic functions for meeting regulatory requirements through trade documents and submissions, including the payment of fees. Much room would be left for the private sector to develop value-added services to help SW users make the most of the new SW environment.

5.4.2 Commercial players may serve as “value-added service providers” (VASPs) and provide enhancement services to meet the market demands, e.g. SW submission on behalf of traders, data validation, provision of additional reports and statistics, paper conversion, etc..

5.4.3 The question remains as to whether there should be any control over the qualification of a VASP. It would appear that a certain accreditation process should be developed and put in place to ensure propriety of VASPs in the new SW environment.

5.4.4 Notwithstanding the trend of paperless trading, some users may remain reluctant to switch from paper to electronic submission. Hence, there will continue to be a need for paper conversion services under the future SW. This should generally be left to the VASPs, and individual PGAs may also make provision for such services where appropriate.

Question 6

For VASPs –

(a) what are your views on their possible service areas; and

(b) what are your views on their specific accreditation criteria?

5.5 GETS Extension

5.5.1 The SW is expected to take over from GETS upon its full implementation, by 2024 the earliest. Until then, GETS should continue under the existing model and maintain the service standards.

5.5.2 The current Government contracts with the three SPs will run until end 2018. Beyond that, to tide over to the full implementation of the SW, we **propose** to continue the GETS model through suitable arrangements, possibly by a term of six years³⁰ from 2019 to end 2024 buffered by a two-year extension arrangement at the Government's option. We will strive for competitive pricing and service quality in the GETS extension.

Question 7

What are your views on the proposed GETS extension beyond the existing contracts, for example, the service arrangement until the future SW takes over?

³⁰ The proposed six-year contract term with a two-year extension at the Government's option is similar to the previous contract durations of GETs, i.e. five plus one year from 2004 to 2009 and seven plus two years from 2010 to 2018.

Chapter 6: Invitation of Views

6.1 This consultation paper is available on the websites of CEDB (www.cedb.gov.hk/citb) and C&ED (www.customs.gov.hk).

6.2 Please send your comments to us on or before 12 July 2016 by one of the following means –

By email to: sw@cedb.gov.hk

By fax to: (852) 3108 3537

By mail to: Commerce and Economic Development Bureau
23/F, West Wing, Central Government Offices
2, Tim Mei Avenue, Tamar, Hong Kong

6.3 The Government will consider carefully the views to be collected in the current consultation exercise in taking the SW project forward and a policy view on the pre-shipment documentation regime. The PMO will continue to engage stakeholders. Publicity of the future arrangements will be made in good time before the SW is phased in.

6.4 Submissions received will be treated as public information and may be reproduced and published in whole or in part and in any form for the purposes of the consultation exercise and the SW project and any directly related purpose without seeking permission of or providing acknowledgement of the respondents.

6.5 Personal data collected will be used for the purpose of the consultation exercise and any directly related purpose. It is voluntary for any respondent to supply his or her personal data upon providing comments. Unless otherwise specified, the names and affiliations of the respondents may be posted on the websites of CEDB and C&ED or referred to in other documents published for the same purposes. Personal data collected may also be transferred to other relevant bodies for the same purposes. For access to or correction of personal data contained in your submission, please contact the PMO.

**List of 51 Documents and Submissions required by
Government Agencies for the Trading of Goods into, out of and through Hong Kong**

I. Declaration, Manifest and Statement (After arrival or departure)

No.	Government agency	Document and Submission
1	C&ED and C&SD	Import and Export Declaration
2	C&ED and C&SD	Cargo Manifest (Road Mode)
3	C&ED and C&SD	Cargo Manifest (Air and Water Modes)
4	C&ED	Import and Export Statement for Dutiable Commodities

II. Advance Cargo Information (On or before arrival or departure)

No.	Government agency	Document and Submission
5	C&ED	Submission to Road Cargo System (ROCARS)
6	C&ED	Submission to Air Cargo Clearance System (ACCS)
7	C&ED	Advance Cargo Information - River Trade Vessel (ACI - RTV) Scheme
8	C&ED	EMAN Statement One Submission Scheme for Ocean Going Vessels (OGV)
9	C&ED	Submission of House Level Bill of Lading under E-Sea Customs Clearance (e-SCC) Scheme
10	C&ED	Manifests submitted by Ocean Going Vessels (OGV) and River Trade Vessels (RTV) on request
11	C&ED	Submission of Importer Information
12	C&ED	Declaration of Cargo Agents/Designated Places for Storage of Inbound/Transshipment Containers

III. Licence, Permit and Other Documents on a Per-shipment or consignment basis (On or before arrival or departure)

No.	Government agency	Document and Submission
13	C&ED	Permit for Dutiable Commodities
14	C&ED	Transshipment Certificates under the Economic Cooperation Framework Agreement between the Mainland and Taiwan (ECFA) and the Free Trade Agreement Transshipment Facilitation Scheme
15	C&ED	Licence for Controlled Chemicals
16	C&ED	Removal Permit for Controlled Chemicals in Transshipment
17	C&ED	Licence for Optical Disc Mastering and Replication Equipment
18	C&ED	Certification of non-U.S. Frozen Chicken Products Transhipped to the Mainland through Hong Kong
19	C&ED	Notification for Optical Disc Mastering and Replication Equipment
20	TID	Licence for Strategic Commodities
21	TID	Certificate of Origin
22	TID	Import/Export Licence for Rice
23	TID	Kimberley Process Certificate
24	DH	Import/Export Licence for Pharmaceutical Products and Medicines
25	DH	Import/Export Licence of Proprietary Chinese Medicines
26	DH	Import Licence for Radioactive Substances and Irradiating Apparatus
27	DH	Import Permit for Biological Materials
28	DH	Import/Export Licence and Certificate for Dangerous Drugs
29	DH	Removal Licence for Dangerous Drugs
30	DH	Import/Export Licence of Chinese Herbal Medicines
31	AFCD	Licence to Export/Re-export Endangered Species
32	AFCD	Licence for Pesticides
33	AFCD	Special Permit for Import of Dogs and Cats from Overseas
34	AFCD	Re-export Certificate for Species of non-Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or not yet Controlled under the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586)
35	AFCD	Licence for Import Plant
36	AFCD	Special Permit for Import of Food/Pet Reptiles
37	AFCD	Permit for Import of Mammals from the Mainland and Animal Products

No.	Government agency	Document and Submission
38	AFCD	Special Permit for Import of Animals and Birds from Overseas
39	AFCD	Licence to Import/Introduce from the Sea for Endangered Species
40	FEHD	Food Import Declaration Form
41	FEHD	Import Licence for Frozen or Chilled Meat and Poultry
42	FEHD	Permission for Import of Game, Meat and Poultry
43	FEHD	Health Certificate for Foods of Animal Origin
44	FEHD	Permission for Import of Milk, Cream and Milk Beverage
45	FEHD	Permission for Import of Frozen Confections
46	FEHD	Permission for Re-Export of Game, Meat and Poultry through Hong Kong to the Mainland/Macau
47	OFCA	Transshipment Notification for Radiocommunications Transmitting Apparatus
48	OFCA	Import and Export Permit for Radiocommunications Transmitting Apparatus
49	CEDD	Removal Permit for Sand
50	EPD	Licence for Scheduled Chemicals
51	EPD	Licence for Ozone Depleting Substances

Abbreviation -

AFCD	Agriculture, Fisheries and Conservation Department
CEDD	Civil Engineering and Development Department
C&ED	Customs and Excise Department
C&SD	Census and Statistics Department
DH	Department of Health
EPD	Environmental Protection Department
FEHD	Food and Environmental Hygiene Department
OFCA	Office of the Communications Authority
TID	Trade and Industry Department

**Definitions of Single Windows
adopted by International Organisations and
International Best Practices for Pre-shipment Documentation**

A. Definitions of Single Windows (SWs) adopted by International Organisations

The definitions of SWs by major international organisations are set out as follows -

(a) United Nations Centre for Trade Facilitation and Electronic Business (Recommendation and Guidelines on establishing a Single Window in 2005)

An SW is “a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once”.

(b) World Customs Organization (WCO) (WCO Compendium “How to Build a Single Window Environment Volume 1”: Executive Guide 2011)

An SW is a cross border, intelligent, facility that allows parties involved in trade and transport to lodge standardised information, mainly electronic, with a single entry point to fulfil all import, export and transit related regulatory requirements.

(c) World Trade Organization (WTO) (Agreement on Trade Facilitation)

WTO members shall “endeavour to establish or maintain a single window, enabling traders to submit documentation and / or data requirements for importation, exportation or transit of goods through a single entry point to the participating authorities or agencies. After the examination by the participating authorities or agencies of the documentation and / or data, the results shall be notified to the applicants through the single window in a timely manner. In cases where documentation and/or data requirements have already been

received through the single window, the same documentation and/or data requirements shall not be requested by the participating authorities or agencies except in urgent circumstances and other limited exceptions which are made public”.

(d) Asia-Pacific Economic Cooperation (APEC)

The Sub-Committee on Customs Procedures of APEC is proposing to make it an objective to develop an SW system within each APEC economy by 2020, and to promote international interoperability among the systems within APEC.

B. International Best Practices of Pre-shipment Documentation

The following international best practices, among others, are relevant to the pre-shipment documentation -

(a) WTO Agreement on Trade Facilitation

Each Member shall adopt or maintain procedures allowing for the submission of import documentation and other required information, including manifests, in order to begin processing prior to the arrival of goods with a view to expediting the release of goods upon arrival.

(b) WCO Guidelines for the Immediate Release of Consignments by Customs

Operators are encouraged to pre-advise Customs of the shipment or arrival of consignments. This pre-advice could be in the form of a manifest, cargo declaration or summary report in either electronic or hard-copy form and should contain the information required by Customs for the release/clearance of the different categories of consignments.

(c) WCO Revised International Convention on the Simplification and Harmonization of Customs Procedure

National legislation shall make provision for the lodging and registering or checking of goods declarations and supporting documents prior to arrival of the goods.

List of Economies with Single Windows

1. Argentina	38. Lithuania *
2. Armenia *	39. Luxembourg
3. Australia	40. FYR of Macedonia *
4. Austria	41. Malaysia *
5. Belize	42. Mauritius
6. Benin	43. Mexico
7. Bosnia and Herzegovina *	44. Mongolia *
8. Brazil	45. Morocco
9. Bulgaria *	46. Mozambique
10. Cameroon	47. Netherlands
11. Canada	48. Norway
12. Chile	49. Pakistan *
13. China *	50. Paraguay
14. Colombia	51. Peru
15. Republic of Congo	52. Philippines *
16. Costa Rica	53. Poland *
17. Côte d'Ivoire	54. Portugal
18. Denmark	55. Puerto Rico (U.S.)
19. Dominican Republic	56. Qatar *
20. El Salvador	57. Russian Federation *
21. Fiji	58. Rwanda
22. France	59. Senegal
23. The Gambia	60. Serbia *
24. Georgia *	61. Singapore *
25. Germany	62. Sri Lanka *
26. Ghana	63. Sweden
27. Grenada	64. Switzerland
28. Guatemala	65. Syrian Arab Republic *
29. Hong Kong SAR, China * #	66. Taiwan, China
30. Hungary *	67. Thailand *
31. Indonesia *	68. Tunisia
32. Israel *	69. Turkey *
33. Japan	70. United Arab Emirates *
34. Jordan *	71. United States
35. Kenya	72. Uruguay
36. Korea	73. Vietnam *
37. Kosovo	

Source: World Bank's Doing Business Report in 2014

* Economies along Belt and Road (total: 27 economies).

With the Government Electronic Trading Services, Hong Kong is considered as having a Single Window by the World Bank's Doing Business Report.

Trade Single Window Phase 1 Coverage of Documents and Submissions

Government Agency	Document and Submission
C&ED	1. Transshipment Certificates under the Economic Cooperation Framework Agreement between the Mainland and Taiwan (ECFA) and the Free Trade Agreement Transshipment Facilitation Scheme 2. Licence for Controlled Chemicals 3. Removal Permit for Controlled Chemicals in Transshipment 4. Licence for Optical Disc Mastering and Replication Equipment 5. Certification of non-U.S. Frozen Chicken Products Transhipped to the Mainland through Hong Kong 6. Notification for Optical Disc Mastering and Replication Equipment
DH	7. Import Permit for Biological Materials
AFCD	8. Licence for Pesticides
FEHD	9. Food Import Declaration Form
OFCA	10. Transshipment Notification for Radiocommunications Transmitting Apparatus 11. Import and Export Permit for Radiocommunications Transmitting Apparatus
CEDD	12. Removal Permit for Sand
EPD	13. Licence for Scheduled Chemicals 14. Licence for Ozone Depleting Substances

Abbreviation -

AFCD	Agriculture, Fisheries and Conservation Department
CEDD	Civil Engineering and Development Department
C&ED	Customs and Excise Department
DH	Department of Health
EPD	Environmental Protection Department
FEHD	Food and Environmental Hygiene Department
OFCA	Office of the Communications Authority

Trade Single Window Phase 2 Coverage of Documents and Submissions
(including those covered in Phase 1)

Government Agency	Document and Submission
C&ED	<ol style="list-style-type: none"> 1. Import and Export Statement for Dutiable Commodities 2. Permit for Dutiable Commodities
TID	<ol style="list-style-type: none"> 3. Licence for Strategic Commodities 4. Certificate of Origin 5. Import/Export Licence for Rice 6. Kimberley Process Certificate
DH	<ol style="list-style-type: none"> 7. Import/Export Licence for Pharmaceutical Products and Medicines 8. Import/Export Licence of Proprietary Chinese Medicines 9. Import Licence for Radioactive Substances and Irradiating Apparatus 10. Import/Export Licence and Certificate for Dangerous Drugs 11. Removal Licence for Dangerous Drugs 12. Import/Export Licence of Chinese Herbal Medicines
AFCD	<ol style="list-style-type: none"> 13. Licence to Export/Re-export Endangered Species 14. Special Permit for Import Dogs and Cats from Overseas 15. Re-export Certificate for Species of non-Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or not yet Controlled under the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586) 16. Licence for Import Plant 17. Special Permit for Import of Food/Pet Reptiles 18. Permit for Import of Mammals from the Mainland and Animal products 19. Special Permit for Import of Animals and Birds from Overseas 20. Licence to Import/Introduce from the Sea for Endangered Species
FEHD	<ol style="list-style-type: none"> 21. Import Licence for Frozen or Chilled Meat and Poultry 22. Permission for Import of Game, Meat and Poultry 23. Health Certificate for Foods of Animal Origin 24. Permission for Import of Milk, Cream and Milk Beverage 25. Permission for Import of Frozen Confections 26. Permission for Re-Export of Game, Meat and Poultry through Hong Kong to the Mainland/Macau

Abbreviation -

AFCD	Agriculture, Fisheries and Conservation Department
C&ED	Customs and Excise Department
DH	Department of Health
FEHD	Food and Environmental Hygiene Department
TID	Trade and Industry Department

Proposed Key Features of Trade Single Window (SW) Phases 1 and 2

Feature	Phases 1 and 2
Use and Transitional Period	<ul style="list-style-type: none"> • Require pre-registration by trade and industry users, supported by digital certificates or other acceptable identifiers • Voluntary as an alternative to existing mode (Phase 1) • Voluntary in the transitional period of not less than 12 months (Phase 2) • Mandatory afterwards (subject to passage of legislative amendments)
Submission Time Requirement	<ul style="list-style-type: none"> • No change compared to existing requirements
Mode of Submission	<ul style="list-style-type: none"> • Direct to SW; or • Through Value-added Service Providers (VASPs) (or their paper conversion services)
Information to be submitted	<ul style="list-style-type: none"> • No change from today in principle • Information may be reused when submitting trade declaration via Government Electronic Trading Services Service Providers • Data format will be aligned with World Customs Organization Data Model
Amendment Allowed	<ul style="list-style-type: none"> • No change from today
Government Fee	<ul style="list-style-type: none"> • SW service fee to be decided, subject to costing exercise • Existing free service may remain, subject to policy review
Payment (a) Time (b) Method	<ul style="list-style-type: none"> • No change compared to existing requirements • Pay via SW using credit card or other electronic payment methods, or via VASPs
Issuance of Permits and Licences	<ul style="list-style-type: none"> • Electronic copies via SW; or • Hard copies from participating government agencies' service counters or mail service (to satisfy statutory requirement and/or meet users' individual needs/preferences)
IT Requirement	<ul style="list-style-type: none"> • Computer and mobile devices with web browser and document viewer • Printer for printing electronic copies of permit (if applicable)

Proposed Key Features of Trade Single Window (SW) Phase 3

Feature	Phase 3			
	Pre-shipment Import and Export Declaration (TDEC)	Cargo Report (replacing cargo manifests and advance cargo information)		
		Air Cargo	Sea Cargo	Land Cargo
Use and Transitional Period	<ul style="list-style-type: none"> Require pre-registration by trade and industry users, supported by digital certificates or other acceptable identifiers Voluntary in the transitional period of not less than 12 months Mandatory afterwards (subject to passage of legislative amendments) 			
Submission Party	Traders	Carriers (master level information) Forwarders (house level information)	Carriers (master level information) Forwarders (house level information)	Truckers ¹ Traders (only for exempted goods) ²
Submission Time Requirement	A reasonable time before time of arrival or departure of the flight, vessel or vehicle, e.g. 24 hours to 30 minutes.			30 minutes before the vehicle enters a customs clearance point ³
Mode of Submission	<ul style="list-style-type: none"> Direct to SW; or Through Value-added Service Providers (VASPs) (or their paper conversion services) 			
Information to be submitted	<ul style="list-style-type: none"> Similar to existing TDEC 	<ul style="list-style-type: none"> Similar to Electronic System for Cargo Manifest (EMAN) Statement 2 	<ul style="list-style-type: none"> Carriers <ul style="list-style-type: none"> Similar to EMAN Statement 2 Forwarders <ul style="list-style-type: none"> Similar to E-Sea Customs Clearance Scheme (e-SCC) 	See footnotes 1 and 2 below

¹ By bundling the TDEC number and vehicle registration mark for submission.

² TDECs are exempted for transshipment and transit cargoes, postal packets of a value less than \$4,000, personal gifts and baggage etc. It is proposed that the traders concerned will submit a simplified set of Cargo Report (based on the eight items in ROCARS submission).

³ Regulation 7(3) of the Import and Export (Electronic Cargo Information) Regulation (Cap. 60L) provides that “*after the person in charge of a prescribed vehicle has lodged the information as required by subsection (1), the person must wait for at least 30 minutes, or such lesser time as may be indicated by the Road Cargo System, before the person enters a customs clearance point in the prescribed vehicle.*”.

Feature	Phase 3			
	Pre-shipment Import and Export Declaration (TDEC)	Cargo Report (replacing cargo manifests and advance cargo information)		
		Air Cargo	Sea Cargo	Land Cargo
Amendment	<ul style="list-style-type: none"> Amendment allowed before submission deadline Reasonable or genuine amendment allowed within 14 days after the actual time of arrival or departure 			
Government Fee	<ul style="list-style-type: none"> SW service fee to be decided, subject to costing exercise TDEC levy as at present 	<ul style="list-style-type: none"> SW service fee to be decided, subject to costing exercise Existing free service may remain, subject to policy review 		
Payment (a) Time (b) Method	<ul style="list-style-type: none"> On submission of TDEC or within 14 days after shipment Pay via SW using credit card or other electronic payment methods, or via VASPs 	<ul style="list-style-type: none"> On submission of Cargo Report Pay via SW using credit card or other electronic payment methods, or via VASPs 		
IT Requirement	<ul style="list-style-type: none"> Computer and mobile devices with web browser and document viewer Printer for printing electronic copies of permit (if applicable) 			

**List of Fee-charging Documents required by Government Agencies
for the Trading of Goods into, out of and through Hong Kong**

No.	Government Agency	Document and Submission	Existing Fees to the Government	
			Electronic Submission	Paper Submission
1.	C&ED and C&SD	Import and Export Trade Declaration	\$9.8 - \$16.6 (GETS SP service fee)	-
2.	C&ED and C&SD	Cargo Manifest (Air and Water Modes)	\$10 - \$44.8 (GETS SP service fee)	-
3.	C&ED	Permit for Dutiable Commodities	\$10 - \$57.9 (GETS SP service fee)	-
4.	C&ED	Transshipment Certificates under the Economic Cooperation Framework Agreement between the Mainland and Taiwan (ECFA) and the Free Trade Agreement Transshipment Facilitation Scheme	\$155 - \$1,470	\$155 - \$1,470
5.	C&ED	Removal Permit for Controlled Chemicals in Transshipment	-	\$950
6.	TID ¹	Certificate of Origin	\$110 (plus GETS SP service fee \$10 - \$28.4)	-
7.	TID	Kimberley Process Certificate	\$175 - \$180	\$175 - \$180
8.	AFCD	Licence to Export/Re-export Endangered Species	-	\$160
9.	AFCD	Special Permit for Import of Dogs and Cats from Overseas	-	\$432 (fee for the first unit of animal(s) only and the exact fee depends on the import volume)
10.	AFCD	Re-export Certificate for Species of non-Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or not yet Controlled under the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586)	-	\$260
11.	AFCD	Special Permit for Import of Food/Pet Reptiles	-	\$344 (fee for the first unit of animal(s) only and the exact fee depends on the import volume)
12.	AFCD	Special Permit for Import of Animals and Birds from Overseas	-	\$344 - \$1,055 (fee for the first unit of animal(s) only and the exact fee depends on the import volume)
13.	AFCD	Licence to Import/Introduce from the Sea for Endangered Species	-	\$170 - \$460
14.	FEHD	Health Certificate for Foods of Animal Origin	\$7,165	\$7,165
15.	OFCA	Import and Export Permit for Radiocommunications Transmitting Apparatus	\$150	\$150
16.	EPD	Licence for Ozone Depleting Substances	-	\$815 - \$1,210

¹ According to the Protection of Non-government Certificates of Origin Ordinance (Cap. 324), Government Approved Certification Organizations may also issue Certificates of Origin.

Abbreviation -

AFCD	Agriculture, Fisheries and Conservation Department
C&ED	Customs and Excise Department
C&SD	Census and Statistics Department
EPD	Environmental Protection Department
FEHD	Food and Environmental Hygiene Department
OFCA	Office of the Communications Authority
TID	Trade and Industry Department

List of Abbreviations

ACCS	- Air Cargo Clearance System
ACI	- Advance Cargo Information
ACI-RTV	- Advance Cargo Information – River Trade Vessel
APEC	- Asia-Pacific Economic Cooperation
ASEAN	- Association of South East Asian Nations
ASW	- ASEAN SW
B2B	- Business-to-Business
B2G	- Business-to-Government
CEDB	- Commerce and Economic Development Bureau
C&ED	- Customs and Excise Department
C&SD	- Census and Statistics Department
EMAN	- Electronic System for Cargo Manifest
ESCAP	- United Nations’ Economic and Social Commission for Asia and the Pacific
e-SCC Scheme	- E-Sea Customs Clearance Scheme
GETS	- Government Electronic Trading Services
G2G	- Government-to-Government
IT	- Information Technology
LegCo	- Legislative Council
OGV	- Ocean Ongoing Vessel
PGA	- Participating Government Agency
PMO	- Project Management Office
ROCARS	- Road Cargo System
RTV	- River Trade Vessel
SP	- Service Provider
SW	- Trade Single Window
TDEC	- Import and Export Declaration
VASP	- Value-added Service Provider
WCO	- World Customs Organization
WTO	- World Trade Organization

