



Hong Kong General Chamber of Commerce  
香港總商會 1861

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12 July 2016

Mr Gregory So, GBS, JP  
Secretary for Commerce and Economic Development  
Hong Kong SAR Government  
22/F., West Wing  
Central Government Offices  
2 Tim Mei Avenue  
Tamar  
Hong Kong

Dear Greg,

### **Development of Trade Single Window in Hong Kong**

1. The Hong Kong General Chamber of Commerce (Chamber) welcomes the opportunity to provide its comments on the Government's proposal for introducing a Trade Single Window (SW) for the purpose of facilitating trade flows in and through Hong Kong.
2. The Chamber welcomes and supports the notion of a centralised IT platform that can serve as a business-to-government (B2G) interface for submitting all official forms electronically. We also note plans for the SW architecture to be scalable, which would enable connectivity with privately operated business-to-business (B2B) platforms and pave the way to linkages with SWs in other jurisdictions. **It is our belief that the right SW, incorporating the features as described above, would give rise to the positive outcomes of reducing costs, raising efficiency and minimising errors.** Going forward, SW's greatest value is in achieving seamless connectivity with other SWs around the world. As envisaged in the Government's consultation paper, international interconnection would contribute to improvements in the performance of logistics services, which would in turn translate into enhanced trade flows through Hong Kong.
3. Perceived gains aside, **our enthusiasm for the proposed SW is however tempered largely by concerns over uncertainties relating to the suggestion of replacing the existing post-shipment approach to import/export declaration (TDEC) with a pre-shipment import/export declaration (pre-TDEC).** Furthermore, the extent and pace of measures taken by governments to facilitate trade through a set of uniform standards and practices for their respective SWs will determine whether the vision to connect and interoperate SWs with each other will eventually be realised. The following set out in detail our concerns with the proposed pre-TDEC and views on SW interconnectivity.
  - *Concerns with pre-TDEC*
4. **The 14-day window to submit a detailed declaration post-shipment under the current reporting process is regarded as an important comparative advantage for Hong Kong in the context of its role as a major entrepot. TDEC offers considerable flexibility that more than offsets the high costs of moving cargo in and out of the SAR.**

5. TDEC's inherent flexibility also lends itself to such complex and sometimes time-sensitive activities as cargo consolidation, which can be carried out more efficiently in Hong Kong. Under existing declaration arrangements, goods entering Hong Kong from multiple sources can be unpacked, repacked and then re-exported within a short space of time, which is essential to commerce-ready and flexible fulfilment supply chains. Instituting pre-TDEC would kill off such activities. **By forgoing TDEC, we lose a significant differential/distinction, which puts us at risk of losing cargo to surrounding ports where operating costs are much more competitive and efficiency levels are comparable to that in Hong Kong.**
6. It is important to note that Hong Kong cannot be compared directly with other jurisdictions where pre-TDEC has been introduced with negligible adverse consequences. This is because manufacturing is practically non-existent in Hong Kong. As such, domestic exports account for a little over 1% of trading activity in Hong Kong. The elimination of a fundamental criterion, namely, pre-TDEC would mean there is no longer an economic justification to conduct re-export activities through Hong Kong. **As re-exports account for a sizeable chunk of Hong Kong's total exports (98.7% in 2015) and a not insignificant share of overall trade (46.5% in 2015), the loss of such activity could inflict serious damage on the wider economy in the form of business and job losses.**

- *Issues with SW*

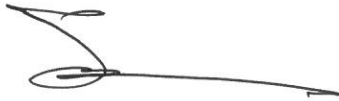
7. In order to achieve the goal of international interoperability among SW systems, consistency is an essential consideration for Hong Kong and other jurisdictions that already has SW in place or are actively pursuing one. The lack of a standardised approach would create an administrative burden on the global shipping and trading industries, which would have to deal with different systems across different countries. As such, we suggest that reference be made to the IMO's International Convention on the Facilitation of International Maritime Traffic (the FAL Convention) to which Hong Kong is party to. Although the FAL Convention is concerned solely with the facilitation of international maritime traffic, this is a useful starting point for introducing the *"flexible concept of standards and recommended practices [that] allows continuing progress to be made towards the formulation and adoption of uniform measures in the facilitation of"* all modes of freight.
8. With respect to the issue of costs, we note that the Government has suggested that fees chargeable be made on a cost-recovery basis. We further note from the consultation paper that *"the development of a fully-fledged SW is a mega project involving a substantial capital cost"*. Understandably, this has given rise to uncertainty and concerns among stakeholders. Operational issues such as the conditions under which post-submission amendment is allowed would also need to be addressed.

- *Summary and Conclusion*

9. There are serious reservations about the impact to Hong Kong's flexibility and efficiency in the handling of transiting cargo should pre-TDEC be adopted. **Given that the economic activities of import and export trade, and transportation and storage contribute 25% to Hong Kong's total GDP, we should exercise extreme caution where there is the real risk of squandering a competitive edge that underpins our economic health.** Furthermore, there is no compelling evidence to demonstrate that pre-TDEC would bolster and enhance Hong Kong's competitiveness as a transport hub.

10. **Our strength and value-proposition as a premier trading, shipping and logistics centre lies with the preservation of the existing TDEC process. If pre-TDEC is inevitable, this should be modelled on the existing Road Cargo System (ROCARS), which involves only eight data fields. This would satisfy the objectives of a simple system that caters simultaneously to the regulatory requirements of risk profiling and customs clearance.**
  
11. **The Chamber would therefore suggest that priority be given to SW implementation independent of pre-TDEC given the acknowledged benefits of the former as mentioned at the beginning of this paper. The Government should also explore the possibility of harnessing existing platforms such as Tradelink in the development of SW instead of investing vast sums into a new system that may be fraught with uncertainties, risks and high user cost.**

Yours sincerely

A handwritten signature in black ink, appearing to be 'Stephen Ng', with a long horizontal stroke extending to the right.

Stephen Ng  
Chairman

cc: Mr Roy Tang, JP, Commissioner for Customs & Excise