

TRADE FACILITATION

National Experience Paper - Import and Export Procedures and Requirements

Communication by Hong Kong, China

This note provides a brief description of the import and export procedures and requirements of Hong Kong, China and the measures taken by the Government to facilitate trade in the last few years.

1. Import and Export Procedures and Requirements

(a) Import and Export Requirements

Hong Kong, China is a free port with no tariff on the importation or exportation of goods. Licensing is imposed only to fulfill our obligations under international agreements, or to protect public health, safety, security, the environment and intellectual property rights. Licenses are required for the import and/or export of products including strategic commodities (e.g. high speed digital computers; chemical or biological weapons precursors; and certain arms and ammunition), reserved commodities (e.g. rice, frozen meat and frozen poultry), pharmaceutical products and medicines, pesticides, radioactive substances and irradiating apparatus, optical disc mastering and replication equipment, ozone-depleting substances, endangered species of animals and plants, waste, and textiles and clothing.

There is no tariff quota, surcharge, value added tax or general services tax. Excise duties are levied on four types of goods, namely, liquors, tobacco, hydrocarbon oil and methyl alcohol, and apply equally to imported and locally produced goods. Imported goods of different origins are treated the same. Only imports of rice and ozone depleting substances for local consumption require quotas. The purpose of the rice quota is not to restrict imports, but to ensure a stable and adequate supply of rice, a staple food for the community, and to provide a reserve stock for emergency and cushioning purposes. The quota in respect of ozone depleting substances is imposed in connection with the implementation of the Montreal Protocol.

Restrictions on exports are few. Apart from a tight regulatory framework in the textiles and clothing sector arising from the quantitative restrictions on textile products maintained by Canada, European Union, Norway and the United States under the WTO Agreement on Textiles and Clothing, other export controls are mainly in respect of strategic commodities or to implement our obligations under international agreements.

(b) Customs Procedures

All import and export cargoes are subject to an import and export manifest containing detailed information on description of goods, packages, the consignor, the consignee and the carrier. Customs control on goods is done through inspection of documents such as manifests and licences if

applicable, and where necessary, physical examination of the goods. Physical examination is done on a selective basis for detecting contraband. There are no laws, regulations or administrative procedures governing product valuation for customs valuation purpose. Except in the case where a consignment is selected for physical examination, cargoes are allowed immediate delivery upon fulfilling licensing requirement, if any.

In general, trade declarations (TDEC) must be lodged with the Customs and Excise Department within 14 days after the goods have been imported or exported. However, certain articles are exempted from the lodgement of trade declarations, such as goods under Carnets, transit cargoes, personal baggage, samples and gifts. In particular, articles imported under ATA Carnets are granted temporary admission without payment of duty and without having to lodge an import or export declaration to the Customs and Excise Department. TDEC can be lodged by using either prescribed paper forms or the Electronic Data Interchange (EDI) service.

Where import and/or export licences are required, traders may apply for the licences from the issuing authorities before the importation or exportation of the goods. Details of the application procedures and any fees payable are made available to the general public by the relevant authorities through publications, hotline services, Internet Homepages or other means.

2. Facilitation Measures

It is the aim of Hong Kong, China to implement measures to facilitate trade whenever opportunities arise. Some of the measures taken recently are set out below.

(a) Improved Quality of Services to Traders

Under the Serving the Community Scheme, performance pledges are made by Government departments to promulgate the service standards to the general public. The pledges are also reviewed regularly with a view to improving the standards as far as possible. The Trade Department, which provides import and export licensing service to the trade, was among the first group of departments to announce their performance pledges. A Customer Liaison Group was also set up in 1994 for exchange of views between the trade and the Trade Department on issues such as services provided by the Trade Department and its policies on trade matters.

The Customs and Excise Department pledges to provide an efficient, courteous and professional service to legitimate trade. Its pledges and targets are also made public and reviewed regularly for the purpose of improving customs services. To enhance communication with the business sector, the Customs and Excise Department has also set up three customer liaison groups.

(b) Simplified Licensing Procedures and Requirements

Hong Kong, China has taken many measures to simplify textiles licensing procedures and requirements, but without compromising the integrity of the control system. In this regard, two major trade facilitation measures have been put in place in recent years. In 1993, a Textile Trader Registration Scheme was introduced to exempt exports of textile products to non-restrained markets and imports of such products from the licensing requirement provided that a set of conditions could be met. Traders registered under the Scheme can cover their imports and exports with notifications.

The second measure, implemented in August 1998, was to lift the requirement for certificate of origin to support textiles exports to the US. The measure could help textiles traders save costs and efforts in making applications for certificate of origin to cover textiles exports to the US.

Apart from the above two major measures, we have kept our textiles licensing procedures and requirements under constant review. Trade facilitation measures, however minor, are implemented from time to time to provide a more efficient and cost effective service to textiles traders. For example, as a result of a review of procedures in 1997/98, applicants for textiles export licences and for advance use of textiles quotas are no longer required to attach supporting documents at the time of application. Instead, the documents need to be submitted only on request. This has simplified the documentation requirements.

(c) Increased Transparency in Licensing Procedures

Apart from a variety of publications on licensing procedures and requirements available to the public, the Trade Department has introduced an Interactive Voice Response System to handle general public enquiries through telephone any time of the day. Moreover, the Trade Department has created a Homepage for public access to information and activities of the Department. Information including recent events, new services provided and answers to frequently asked questions are available on the Homepage.

In late 1997/early 1998, two Customer Service Centres were opened in the Trade Department to provide better and more comprehensive services to the trade. The Centres are staffed by trained officers. The purpose is to provide assistance to traders who have queries on or difficulties in matters related to textiles licensing requirements and procedures.

(d) Increased Transparency in Customs Procedures and Requirements

The customs laws and regulations of Hong Kong, China and most of the customs administrative guidelines and procedures are easily accessible by the public, in paper form and on the Internet. The latter, in particular, greatly enhances the transparency of our customs procedures and requirements as the Homepage is accessible by overseas traders round-the-clock. Moreover, the customs guidelines and procedures are reviewed regularly for improvement.

(e) Introduction of the EDI Service for Government Trade Documents

Recognising the international trend and benefits in electronic commerce, Hong Kong, China is committed to promoting the application of electronic commerce through the use of EDI in trade documents. The introduction of the EDI service is a remarkable improvement in cost-and time-efficiency in the trade documentation process for traders in Hong Kong, China. The service will greatly facilitate trade and bring increasingly significant benefits to the trading community, as its scope expands.

Reasons for introducing EDI

In the 1980's, the use of EDI to replace paperwork involved in trading procedures began to gain momentum in Hong Kong. Leading international trading centres started using EDI to improve efficiency and reduce cost. It was clear that to remain competitive, Hong Kong could not afford to continue to rely on paper-based methods of doing business. In order to promote the widespread use of EDI in Hong Kong, the Government has co-opted major players having a role in the flow of trade information as partners in the implementation of the Community Electronic Trading Service (CETS). In 1992, the Tradelink Electronic Commerce Limited (formerly Tradelink Electronic Document Services Limited, Tradelink in short) was set up jointly by the Government, as its largest shareholder, and key private sector organisations to implement CETS.

Coverage of the EDI Service

The initial scope of the CETS covers statutory documents, namely restrained textiles export licences (RTEL) for the export of textiles products to restrained markets (i.e. where import quotas are imposed by our trading partners); trade declarations required for imports, exports and re-exports; certificates of origin; and cargo manifest. Our intention is to extend the CETS to other trade and commercial documents over time in order that traders can benefit fully from the use of EDI.

Schedule of implementation and progress

EDI service for RTEL was introduced in January 1997, and that for TDEC in April 1997. A phased migration programme was launched in January 1998 for traders to gradually migrate to the use of EDI service. About 60% of RTEL are currently applied through the CETS. Full migration to EDI submission, whereby receipt counters for paper submission will be closed, is scheduled for implementation by January 1999. For TDEC, about 30% are at present lodged through CETS and full migration to EDI submission is scheduled for completion by April 2000. To cater for those companies that may not be able to start using EDI and for those traders who only need to submit the documents occasionally, Tradelink provides service centres for converting paper submissions into electronic ones.

EDI service for certificates of origin and cargo manifest is scheduled for implementation in the third quarter of 1999 and early 2000 respectively. Intensive development work are currently in progress for their implementation.

Feedback from traders

Traders recognise the benefits of electronic commerce. When compared to the paper system, the processing time of an RTEL application using EDI has been much reduced. In the paper system, traders will be notified of whether the licence application can be approved in two clear working days whereas under the EDI system, traders will be notified of the errors in application within 15 minutes of their submission, and of whether the application can be approved on the following day of submission. Moreover, the improved service is reinforced by the streamlining and standardisation of processing procedures and arrangements. In addition, using EDI to submit and process TDEC is very efficient and helps save manpower of both the Customs and Excise Department and the traders.

Traders generally support the CETS as an infrastructure which can facilitate their business operation. During the initial stage of implementation, they need time to build up confidence in and to adapt to the new mechanism. Over time, traders call for extension of the CETS to, e.g. sending the export licence visa information electronically to our trading partners and other services.

3. Conclusion

Hong Kong, China adopts a free trade policy and applies no tariff. Import and export licensing is kept to a minimum. In addition to having an open and free trade regime, we have implemented in the past few years a number of measures to facilitate trade, such as simplified licensing procedures and requirements, increased transparency in licensing and customs procedures, and the introduction of the EDI services for Government trade documents. We will continue to look for opportunities to further facilitate trade.
