

LETTERHEAD OF THE HONG KONG SHIPPERS' COUNCIL

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No agreement on Midstream Fee, shippers stress

Shippers have firmly reiterated that there never was a consensus or agreement reached on the collection mechanism of a Mid-stream Fee. The Hong Kong Mid-stream Operators' Association (HKMOA) spokesman, Mr. William Chan, in a recent press statement, said that a consensus had been reached by the Steering Group on Midstream Fee comprised of Government representatives, Legislative Councillors, the Hong Kong Shippers' Council and the HKMOA. The Hong Kong Shippers' Council stresses that the collection is a unilateral act on the part of the HKMOA with no prior agreement to back it up.

Mr. Willy Lin, Chairman of the Hong Kong Shippers' Council, pointed out: "We are very concerned about the consequences of the collection of the Mid-stream Fee. The Council is very sincere in its wish to explore possible solutions that would satisfy all parties concerned and not put anyone at a disadvantage. The truth is, the collection of the Mid-stream Fee has already caused a lot of commotion and confusion. The HKMOA claims the Mid-stream Fee is for the provision of value-added services. However, basic services in the past have always included the so-called 'value-added' appointment service on the delivery and collection of containers, free parking and extended operating hours. The appointment service will enhance the efficiency of the operator thereby lowering the cost of operations—an advantage to the operator but of no benefit to us. The so-called 'provision of parking spaces' is another basic service to which the alternative would be for truckers to queue up at the roundabout in front of Terminal 8, thereby causing traffic congestion.

"Hong Kong is a world class shipping centre that has earned its reputation from high efficiency and 24-hour port operations," said Mr. Lin. "Indeed, it is now the top port in the world. If mid-stream operators cannot provide proper operational systems, then how can they satisfy the working requirements of a world-class port? Does This indicate that this type of operation is obsolete?"

The payment mechanism proposed by the HKMOA is also improper and something that has not been resolved and agreed upon, the Council pointed out. The way the coupons are sold and the sales outlets have caused inconvenience and extra expenses to shippers who therefore find the method unacceptable. Moreover, the electronic payment mechanism or 'e-ticketing' is from a company that belongs to the same Group as a member of the HKMOA. There are concerns that the collection of data in the payment process will help the e-ticketing company amass a database of importer/exporter information to be used in unfair advantage over the competition which is not tantamount to free trade. And in the nature of doing business, shippers' contractual relationships are with the shipping lines, and the requirement for shippers to provide commercial secrets such as client and bank details to an unrelated party is deemed unsuitable.

"We believe the Mid-stream Fee issue could be resolved through the establishment of a Hong Kong Mid-stream Terminal Handling Charge (MTHC). Carriers using mid-stream services in Hong Kong are charging shippers different levels of THC that do not reflect the true costs of what they pay the terminals. We propose that the carriers, the HKMOA and the Shippers' Council work out a highly transparent Mid-stream Terminal Handling Charge that would reflect the true costs of operations instead of THC costing levels. The Mid-stream Terminal Handling Charge should include the Mid-stream Fee and thereby protect the interests of the mid-stream operators. This system would also help eliminate the disputes between shippers and shipping lines over the components and charge levels of the THC," said Mr. Lin.

"Under the current difficult economic situation, we should all work together in search of a consensus instead of choosing to be confrontational. Hong Kong is the world's No. 1 container port and we should protect this reputation and show the world our solidarity through the peaceful and rational resolution of our problems and disputes. After all, we've all done our share to make Hong Kong the 'can do' port."

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