

Maritime Transport Services (8)

- 1. What are the scopes of business, requirements on registered capital, licenses, application procedures and processing time for the maritime transportation, road freight transportation, storage and warehousing, freight forwarding and logistics services under CEPA?**

Please refer to the CEPA corner at the website of the Hong Kong Logistics Development Council (www.logisticshk.gov.hk) for relevant information.

- 2. One of the Supplement to CEPA offers allows Hong Kong service suppliers (HKSS) to set up wholly-owned enterprises in the Mainland to provide shipping agency services for vessels owned or operated by their parent companies. What is the scope of business for the “shipping agency services”?**

The scope of business for the “shipping agency services” has been defined in Article 29 of the *Regulations of the People’s Republic of China on International Maritime Transportation* as follows:

- (1) undergoing formalities for ship’s entry into or departure from ports, arranging pilotage, berthing and loading and unloading of vessels;
- (2) signing bills of lading or carriage contracts and accepting cargo space booking on behalf of the carrier;
- (3) undergoing customs formalities for vessels, containers and shipments;
- (4) canvassing cargoes, arranging shipments and attending to procedures for shipments and transshipment of cargoes and containers;
- (5) collecting freight and settling payment on behalf of the principal;
- (6) arranging passenger transport and attending to procedures for transport of passengers by sea; and
- (7) other pertinent business.

In addition to the above, shipping companies can also make use of general commercial bills of lading or multi-modal bills of lading for operating multi-modal transportation services.

- 3. Do the HKSS need to comply with the tonnage requirement stipulated in Annex 5 of CEPA when setting up wholly-owned shipping companies in the Mainland to provide feeder services between Hong Kong and the ports opened to foreign vessels in the Mainland, including shipping undertaking, issuance of bills of lading, settlement of freight rates, signing of service contracts, etc?**

Since most of the HKSS operating feeder services do not own vessels, and Hong Kong's feeder vessels are only required to obtain local vessel license instead of registration in the Hong Kong Shipping Register, these HKSS are exempted from the tonnage requirement applicable to the maritime transport service providers in Annex 5 of CEPA.

- 4. One of the Supplement to CEPA offers allows HKSS to set up branch office of freight forwarding companies upon full payment of the registered capital. Will this offer affect the arrangement whereby freight forwarding companies set up with capital from Hong Kong are allowed to pay up the committed registered capital in installments?**

The arrangement for payment of the committed registered capital in installments also applies to the freight forwarding companies established in the Mainland under CEPA. The arrangement provides greater flexibility so that HKSS who wish to set up branch office(s) may do so immediately upon full payment of the registered capital. Under the *Regulations of the Management of Foreign Investment in International Freight Forwarding Companies* (《外商投資國際貨物運輸代理企業管理辦法》), investors including HKSS may only set up branch office(s) after formal establishment of business in the Mainland for one year.

- 5. Do the HKSS need to comply with the tonnage requirement stipulated in Annex 5 of CEPA when setting up wholly-owned companies in the Mainland to provide tow services between Hong Kong and the ports in the Mainland?**

Since most of the HKSS operating tow services do not own vessels, and Hong Kong's tugs are only required to obtain local vessel license instead of registration in the Hong Kong Shipping Register, these HKSS are exempted from the tonnage requirement applicable to the maritime transport service providers in Annex 5 of CEPA.

- 6. Under Supplement IV to CEPA, Hong Kong Service Supplier (HKSS) are allowed to set up equity joint-ventures in the Mainland to provide third party international shipping agency services. What is the scope of business for “third party international shipping agency services”?**

The scope of business for “third party international shipping agency services” is the same as those shipping agency services as defined in Article 29 of the *Regulations of the People’s Republic of China on International Maritime Transportation* (See Q.2 above). According to Article 29 of the *Regulations of the People’s Republic of China on International Maritime Transportation*, an international shipping agent may, upon the commission of any shipowner, charterer or ship operator, be engaged in those shipping agency services.

- 7. Are all the shipping agencies in Hong Kong eligible to apply to the relevant Mainland authorities for operating third party international shipping agency services?**

By virtue of Supplement IV to CEPA, for HKSS to operate third party international shipping agency services in the Mainland, they must demonstrate that they have engaged in substantive business operation of such services in Hong Kong over the past five consecutive years in their application for HKSS certificates. The supporting documents required for applying HKSS certificates are listed in the Notice to Service Suppliers under CEPA on the website of the Trade and Industry Department.

- 8. Are Hong Kong Service Suppliers (HKSS) allowed to set up wholly-owned enterprises in the Mainland to provide third party international shipping agency services?**

By virtue of Supplement IV to CEPA, HKSS are allowed to set up enterprises in the form of equity joint ventures in the Mainland to provide third party international shipping agency services, of which the shareholding of HKSS should not exceed 51%.

According to the additional liberalisation measure introduced in Supplement V to CEPA, HKSS are allowed to set up wholly-owned enterprises and branches in Guangdong to provide shipping agency services to vessel operators for routes between Guangdong province and Hong Kong/Macao.