

Transshipment Cargo Exemption Scheme

Definition of Transshipment Cargo

According to the Import and Export Ordinance, Cap. 60, "transshipment cargo" means any imported article that -

- (a) is consigned on a through bill of lading or a through air waybill from a place outside Hong Kong to another place outside Hong Kong; and
- (b) is or is to be removed from the vessel, aircraft or vehicle in which it was imported and either returned to the same vessel, aircraft or vehicle or transferred to another vessel, aircraft or vehicle before being exported, whether it is or is to be transferred directly between such vessels, aircraft or vehicles or whether it is to be landed in Hong Kong after its importation and stored, pending exportation.

Product Coverage (with effect from 11 January 2008)

Exemption granted to specified person registered under the Transshipment Cargo Exemption Scheme (the Scheme) applies to the following types of transshipment cargo¹ :

- (a) Pharmaceutical products and medicines as defined by Section 2 of the Pharmacy and Poisons Ordinance, Cap. 138, except dangerous drugs as defined by Section 2 of the Dangerous Drugs Ordinance, Cap. 134² ;
- (b) Rice as specified in the Schedule to the Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations, Cap. 296A;

¹ Air transshipment cargo of the products under (a) - (d) above meeting the requirements specified in the Air Transshipment (Facilitation) Ordinance with regard to the definition of air transshipment cargo is not required to be covered by the Scheme. Rough diamonds as air transshipment cargo specified in Regulation 6DF of the Import and Export (General) Regulations, Cap. 60A, are also not covered by the Scheme.

² Under the Control of Chemicals Ordinance, Cap. 145, a permit issued by the Customs and Excise Department is still required to remove certain pharmaceutical substances listed under Schedule 1 or 2 to the said Ordinance, such as ephedrine, ergotamine, ergometrine, pseudoephedrine, norephedrine (phenylpropanolamine) and their salts in transshipment in Hong Kong.

- (c) Frozen or chilled meat and poultry as specified in Part I of the First Schedule to the Import and Export (General) Regulations, Cap. 60A;
- (d) **Chinese herbal medicines and proprietary Chinese medicines as specified in Part I of the First Schedule and Part I of the Second Schedule to the Import and Export (General) Regulations, Cap 60A; and**
- (e) Rough diamonds as specified in Part I of the First Schedule and Part I of the Second Schedule to the Import and Export (General) Regulations, Cap. 60A.

If importation of the products under (a) to (d) above from their country or place of origin or exportation to their country or place of destination or transshipment route is subject to any trade sanctions under the United Nations Sanctions Ordinance, Cap. 537, the relevant transshipment cargoes are not eligible for any licensing exemption under the Scheme.

For rough diamonds under (e) above, the exemption only applies to transshipment of rough diamonds from or to a country or place for which the Kimberley Process Certification Scheme is effective or as permitted by the Kimberley Process (KP)³ **and** the importation of the rough diamonds from the exporting country or place and exportation of which to the country or place of destination are not subject to any trade sanctions.

³ The Kimberley Process (KP) is a negotiating forum originated from discussions in the United Nations General Assembly (UNGA) regarding rebel activities in some parts of Africa. It seeks to stop trade in conflict diamonds (rough diamonds used by rebel movements or their allies to finance conflicts aimed at undermining legitimate governments, as described in relevant United Nations Security Council resolutions, and as understood and recognised in the relevant UNGA Resolutions) from fuelling armed conflicts, activities of rebel movements and illicit proliferation of armament. The KP Certification Scheme (KPCS) for rough diamonds was launched by the KP on 1 January 2003. Under the KPCS, Participants can only trade rough diamonds with countries or places as permitted by the KP. Traders may refer to the Seventh Schedule to the Import and Export (General) Regulations, Cap. 60A, for the list of such countries or place