

**Proposed Amendments to the
Ozone Layer Protection Ordinance (Cap. 403) to introduce
a combined import and export licence**

Introduction

This paper seeks Members' views on:

- a) the proposal to introduce a new combined import and export licence under the Ozone Layer Protection Ordinance (Cap. 403) (OLPO) for the import of scheduled substances that are subsequently re-exported as transshipment cargoes; and
- b) the level of licence fee.

Background

2. In line with the spirit of the Montreal Protocol on Substances that Deplete the Ozone Layer, section 4 of OLPO provides that a licence is required for the import and export of an ozone depleting substance listed in the Schedule of OLPO ("scheduled substance"). This requirement currently also applies to transshipment of such substance, unless the substance is an air transshipment cargo exempted under Section 4A of OLPO. The registered importer / exporter has to apply for both an import licence and an export licence simultaneously. In 2001, among the 551 licences issued, 182 "pairs" of licence were issued for transshipment, representing 84% of total import of scheduled substances by weight.

3. Recently, the Government has reviewed the statutory licensing requirements imposed on transshipment cargoes, with a view to streamlining the licensing processes to facilitate trade and development of Hong Kong's logistic sector. The review has identified, amongst others, that licensing of import of scheduled substances for the purpose of exporting can be simplified by issuing a "combined import and export licence" under OLPO so that the applicant only needs to fill in the licence application once.

Proposed Combined Import and Export Licence and Licence Fee

4. The proposed combined import and export licence will be issued under section 6 of OLPO, which provides that the Director of Environmental Protection may

issue a licence to a registered importer or exporter of scheduled substances to import or to export a specified consignment of a scheduled substance, subject to any conditions that the Director may impose. The licence will be applicable for importing a scheduled substance that is subsequently re-exported. As a licence condition, the scheduled substance, upon re-export, must remain in exactly the same quantity and quality as when it was imported; otherwise, existing arrangement has to be followed and two separate licences are required. Breaching of this condition is an offence under section 6(6) of OLPO and is liable to a fine of \$1,000,000 and to imprisonment for 2 years. All existing provisions for import and export of scheduled substances will remain unchanged, and the new licensing system will comply with the licensing requirement of the Montreal Protocol.

5. The trade will see the benefit of the new licensing arrangement, having to apply for only one licence instead of two. Also, the fee of the combined licence will be less than the total fees of an import licence and an export licence, as some staff cost on data entry and document handling can be saved. The demand for customs clearing procedures, however, will remain largely the same.

6. The proposed licence fee for the combined licence is \$1,330 based on cost recovery principle. This is approximately 29% less than the total cost of \$1,880 for applying an import and an export licences under existing arrangement.

7. Following the spirit of section 16(1)¹ of OLPO, Members are consulted on our proposal to amend the Ozone Layer Protection (Fees) Regulations to prescribe the fee of the new licence. Subject to Members' views, this amendment will form part of an omnibus bill to be presented by the Secretary for Commerce, Industry and Technology to the Legislative Council shortly to remove / simplify the import and export licensing requirements currently imposed on certain transshipment cargoes.

8. The new licensing arrangement is expected to be ready for implementation by 2004, subject to the progress of the legislative procedures for scrutinizing the omnibus bill.

Advice Sought

9. Members are requested to advise on the proposed combined import and export licence and the level of licence fee.

Environment, Transport and Works Bureau
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¹ Section 16(1) provides that the Secretary for the Environment, Transport and Work may, after consultation with the Advisory Council on the Environment, make regulations generally for the purposes of OLPO.