

AIRFREIGHT SUB-COMMITTEE

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Vice Chairman: RHENUS LOGISTICS HONG KONG LTD – Mr. Edmond Wong
Members: A-SONIC LOGISTICS (H.K.) LTD
 CARGO FREIGHT SERVICES LTD
 DIMERCO AIR FORWARDERS (HK) LTD
 INFINITY CARGO EXPRESS LTD
 NAF GLOBAL LOGISTICS LTD
 RCS LOGISTICS LTD
 WORLDTRANS AIR-SEA SERVICE LTD
 AE EAGLE FREIGHT TRANSPORTATION (CHINA) LTD
 DHL GLOBAL FORWARDING (HONG KONG) LTD
 SEA-AIR LOGISTICS (HONG KONG) LTD
 THE JANEL GROUP OF HONG KONG LTD
 YUSEN LOGISTICS (HONG KONG) LTD

I. Liaise with the Civil Aviation Department (CAD)

RAR (Regulated Agent Regime) Enhancement

Following the new requirement of RAR which came into effect from 15 July 2013, Security Bureau (SB) established an inter-departmental working group (WG) in 2014, comprising CAD and other relevant government departments, to study further enhancement measures to the RAR. Having examined the existing arrangements under RAR and considered the need for striking a balance between aviation security and trade facilitation, the WG proposed 5 enhancement measures.

It was noted that CAD confirmed to conduct unannounced compliance checks on selected RAs and carry out short notice compliance checks on RAs, *i.e. shorten the notice period prior to the checks from 14 days to 7 days*. As for the other three proposed measures (*i.e. raise QCP from 1% to 2%, adopt randomness or risk based approach for QCP, and extra QCP selected by CAD*), HAFFA has submitted a firm reply to the CAD on 2 February 2016 to express its strong objection in view of the obvious negative impact on consolidation operations of Members and the industry in particular.

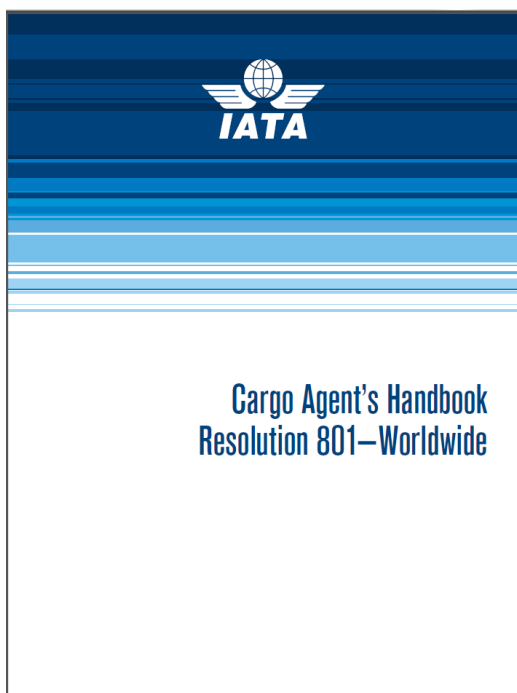


Source: <http://aircargosecurity.ie>

II. Liaise with IATA

A. IATA Annual Financial Review (AFR)

For many years, airlines in Hong Kong have the general market practice to collect bilateral BG from the forwarding agents. The purpose of the BG is to provide a certain amount of financial securities to the airlines referencing the financial background of the forwarding agents, and this is purely a commercial decision of the airlines, not IATA.



Informatively, forwarding agents may apply to be the IATA Cargo Agent in Hong Kong. After signing the agreement with IATA, the IATA Cargo Agent is required to follow IATA Resolution 801 which establishes the rights and obligations of IATA airlines and agents. Nowadays, according to IATA Resolution 801 S1.1.4.1(b), IATA Hong Kong office shall, on its own initiative or at the request of the IATA airlines, conduct annual examinations of the financial standing of the IATA Cargo Agents in the Cargo Account Settlement Systems (“CASS Hong Kong”) according to the local financial criteria, failure by the Agents of such AFR will be required to provide bank guarantee to IATA (“IATA BG”). However, it is noted that IATA Hong Kong office did not implement this AFR ever in Hong Kong.

Since the year 2011, there have been continuing discussions between HAFFA and IATA Hong Kong office with IATA airlines (*namely the IATA Cargo Advisory Panel “ICAP”*) that whether or not Hong Kong should adopt the AFR. The concern of such implementation is that IATA Cargo Agents shall require to present BG to IATA (*if failure of such AFR*) in addition to the bilateral BG individually to airlines under market practice.

HAFFA and ICAP made lengthy discussions and explored different alternatives. In the year 2015, both parties agreed to submit the proposal of exempting Hong Kong from AFR to the IATA Cargo Agency Conference (CAC) for adoption. ICAP has proposed wording changes to Resolution 801, taking Hong Kong out as an exception, under a condition that IATA Hong Kong office shall, on its own initiative or at the request of the IATA airlines, conduct examinations of the financial standing of the IATA Cargo Agents, failure by the Agents of such financial review will be required to provide BG to IATA (*the IATA BG*). IATA Hong Kong advised that normally they will exercise such a right during reinstatement after default and new applications.

HAFFA presented the need for more time to seek Members’ view before it could agree/disagree to ICAP proposed wording. With the support of ICAP, CAC agreed to give one year time period by deferring the implementation of AFR in CASS HK, pending for ICAP to submit the proposal (*with proposed wording for exemption of AFR*) to 2017 CAC for adoption.

HAFFA has organized a Member Consultation Meeting (IATA) to be held on 26 April 2016. The consultation paper was circulated to all Members via News 56 dated 11 April 2016. Through this MCM, HAFFA sought to provide a forum for discussions amongst the IATA Cargo Agents and obtain their votes with a view to establishing the position of HAFFA after a long five years discussion.

B. Cargo Agency Modernization Programme (CAMP)

FIATA issued a press release on 17 DEC 2015 revealing that after extensive discussions FIATA and IATA were unable to agree on the entire new draft of the CAMP, which contained specific references to IATA's Cargo Accounts Settlement System (CASS) to be integrated into the new programme. It is FIATA's view that a forwarder's decision whether to sign up to the CASS Participation Agreement with IATA, should be made independently by each individual operator, and not be mandated by the FIATA/IATA agreement as a condition to participate. This seemed however a point which IATA was unable to accept on behalf of its constituent airlines. For that reason, FIATA has been unable to sign up to a comprehensive agreement with IATA, despite having reached agreement on many progressive principles, e.g. the outdated reference to the freight forwarder as the "agent" of the air carrier, but recognizing freight forwarders as customers of the airlines, conducting business in a Principal-to-Principal contract.

III. Liaise with Carrier Liaison Group (CLG), HACTL, AAT and CPCT

A. HAFFA BP 010: Checklist for Member Companies to Audit Warehouse Vendors / Sub-contractors

It is a common practice for Member companies to outsource the services of physical cargo acceptance and pallet build-up to third party contractors (*sub-contractors*). As such, Members may not be able to access the physical shipment to conduct reasonable cargo acceptance check. If the contractors fail to report any irregularities, Members would then fail to identify any hidden DG, concealed explosives or incendiary devices, for which forwarders may be liable under the regulations. In order to better monitor the service quality and performance of the contractors, HAFFA has established a checklist, serving as a suggested procedure / guideline for Members' reference when they audit the warehouse vendors / sub-contractors. The checklist is issued in a form of Best Practice which is used on a voluntary and non-binding basis for Members.



The BP010 is available at the HAFFA website: <http://www.haffa.com.hk/portal/Page/Default.aspx?id=140>

B. Dangerous Goods Working Group (DGWG)

Seminar on “DG Awareness with a Focus on the Lithium Battery”, 06 April 2016

In view of the latest changes in the requirement of shipping lithium battery by air (*effective from 01 April 2016*) and the increasing number of DG incidents involving shipments of undeclared or mis-declared lithium batteries, with the support of the Transport Logistics Training Board – Vocational Training Council (VTC), HAFFA initiated and organized with CLG and the Hong Kong Shippers' Council (HKSC) a seminar on 06 April 2016.



Thanks for industry's enthusiastic support, there were nearly 330 participants attended the seminar and it was concluded after a fruitful “Question and Answer” session. Trust that the seminar has raised the awareness of the industry, thereby enhancing safety in air cargo transport and maintain a good reputation of the Hong Kong air cargo industry.

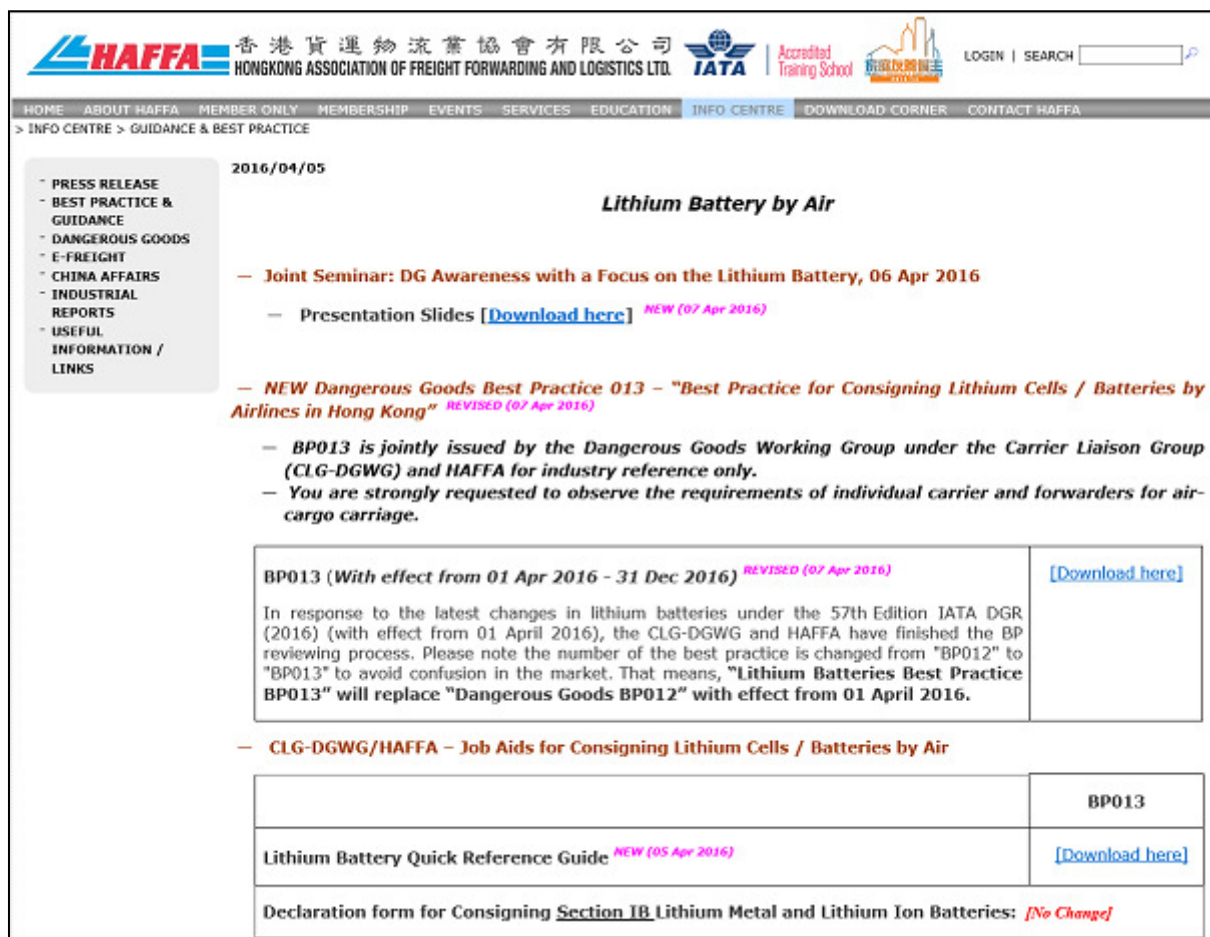
Best Practice 013 - Best Practice for Consigning Lithium Cells / Batteries in Hong Kong

In response to the latest changes in lithium batteries under the 57th Edition IATA DGR (2016), CLG–DGWG and HAFFA worked together to provide an update of the Best Practice (BP) with operational guidance for Members and the industry. The number of the BP is changed from “BP012” to “BP013” to avoid confusion in the market. That means, **“BP013” has replaced “BP012” with effect from 01 April 2016**. The “Lithium Battery Quick Reference Guide” has also been updated accordingly while there is NO change in the Declaration forms for consigning Section IB and Section II.

The relevant documents, together with the presentation slides used in the above-mentioned seminar, were disseminated to all Members on 07 April 2016 via News and uploaded on the HAFFA website.
<http://www.haffa.com.hk/portal/Page/Default.aspx?id=157>

Members can also download other useful information regarding lithium battery from the above link. Information includes

- IATA
 - IATA Update - Lithium Metal Batteries as Cargo in 2016
 - IATA Lithium Battery Guidance Document 2016
 - Addendum I & II to the 57th Edition (2016) of the IATA DGR
- CAD Advisory Circular
 - DGAC 2/2016: Prohibition of Transport of Lithium Batteries as Cargo on Passenger Aircraft
 - DGAC 1/2016: Changes to Packing Instructions 965 and 968 for Lithium Cells and Batteries



2016/04/05

Lithium Battery by Air

- Joint Seminar: DG Awareness with a Focus on the Lithium Battery, 06 Apr 2016
 - Presentation Slides [[Download here](#)] *NEW (07 Apr 2016)*
- NEW Dangerous Goods Best Practice 013 – “Best Practice for Consigning Lithium Cells / Batteries by Airlines in Hong Kong” *REVISED (07 Apr 2016)*
 - BP013 is jointly issued by the Dangerous Goods Working Group under the Carrier Liaison Group (CLG-DGWG) and HAFFA for industry reference only.
 - You are strongly requested to observe the requirements of individual carrier and forwarders for air-cargo carriage.

BP013 (With effect from 01 Apr 2016 – 31 Dec 2016) <i>REVISED (07 Apr 2016)</i>	[Download here]
In response to the latest changes in lithium batteries under the 57th Edition IATA DGR (2016) (with effect from 01 April 2016), the CLG-DGWG and HAFFA have finished the BP reviewing process. Please note the number of the best practice is changed from “BP012” to “BP013” to avoid confusion in the market. That means, “Lithium Batteries Best Practice BP013” will replace “Dangerous Goods BP012” with effect from 01 April 2016.	

- CLG-DGWG/HAFFA – Job Aids for Consigning Lithium Cells / Batteries by Air

	BP013
Lithium Battery Quick Reference Guide <i>NEW (05 Apr 2016)</i>	[Download here]
Declaration form for Consigning <u>Section IB</u> Lithium Metal and Lithium Ion Batteries: <i>[No Change]</i>	

Please note the best practice is jointly issued by the CLG-DGWG and HAFFA for industry reference only. Shippers and freight forwarders shall always follow the IATA Dangerous Goods Regulations and the requirement of individual carriers for the air carriage of shipments containing lithium batteries at all times.

Date: 19 April 2016

(END OF REPORT)