

## Chairman Report for the Year 2014-2015

*Date: 21 April 2015*

Dear HAFFA Members,

Over the past year, the resilience that distinguishes Hong Kong's freight and logistics service providers has again been put to the test. As leaders and entrepreneurs in the cargo supply chain, HAFFA members play a vital role in helping raise the level of business confidence and in 2014, there was a resulting 6% growth in air freight. However, we still face as many challenges as we do opportunities.

In particular, these challenges include "security and safety", an issue which continues to top the Hong Kong business agenda. In matters relating to the cargo supply chain, HAFFA, and CAD continue to exchange views on the future development of air cargo security. Given the concerns about the compliance level of KCs in fulfilling the enhanced requirements under RAR, the industry believed green status of EU ACC3 for Hong Kong would not be easily retained. As such, HAFFA urged the CAD to begin the development of an up-stream screening programme in order to better prepare the industry for such a programme. Last September, the CAD provided a document outlining the security considerations of off-airport screening. The document is available for reference at the HAFFA website under the "Member Only" section.

Last March, the opening of the HAFFA Training School was graced by the presence of the Honourable CY Leung, Professor Anthony Cheung and Mr. Norman Lo, and since that time, HAFFA has organized many courses with reduced course fees. We have proactively launched the new EU Aviation Security Training (ACC3, RA3 and KC3) Course, the first of its kind in Hong Kong. We hope these innovative programmes will help our members prepare for possible changes to Hong Kong's logistics landscape.

In addition to training and operational aspects, we continue to focus on current issues regarding the need to enhance connectivity in the supply chain. A comprehensive proposal, "Supply Chain e-Processing Hub" ("e-Hub"), was prepared and formally submitted to Mr. CY Leung and the LOGSCOUNCIL, with an aim to seek Government funding to kick off the development of the e-Hub and provide financial aid to help SMEs migrate to the e-Hub. We are particularly grateful to have received strong industrial support for this initiative with 21 stakeholders including, but not limited to, shippers, carriers, terminal operators and other industry leaders.. The LOGSCOUNCIL has begun in-depth discussions on the proposal and we believe this will help us adapt to the impending global trend of e-commerce, the need to develop high-value-added logistics and trade services, the Single Window concept and the development of the "Maritime Silk Road", to best meet the industry's needs.

We have overcome several additional challenges in 2014, in particular the updated HAFFA website which was re-launched last September. The new website has a new look, while it is also mobile compatible so we may better communicate important messages to members and the industry. Thus far, we have received the greatest response to our "Best Practice for Consigning Lithium Cells / Batteries in Hong Kong" which was jointly developed with Carrier Liaison Group. Education is a priority for HAFFA, especially considering the impact of the increasing number of Dangerous Goods (DG) incidents involving shipments of undeclared or mis-declared lithium batteries. With the support of CAD and LOGSCOUNCIL, HAFFA initiated and organized with CLG and the Hong Kong Shippers' Council (HKSC) a DG seminar last December attended by over 300 participants. The seminar and BP can and will continue to raise the awareness of the industry, thereby helping enhance safety in air cargo transport and maintaining Hong Kong's strong reputation in the air cargo industry.



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The Association plays an important role in representing the Hong Kong freight forwarding and logistics industry on an international level. HAFFA represents our members' interests at meetings of the IATA, Federation of Asia-Pacific Air Cargo Associations (FAPAA), and FIATA.

Under IATA and FIATA, at the IATA / FIATA Consultative Council meeting prior to the IATA CAC meeting in March 2015, we recommended that the IFCC defer the Annual Financial Review proposal back to the Agents Liaison Working Group (ALWG) in Hong Kong to examine the possibility of cancelling bilateral bank guarantee, rather than utilizing the current IATA mechanism to ensure payment security. This was done with a view to avoid double bank guarantee to Hong Kong forwarders. I have expressed our position to IATA that the proposal cannot resolve the current issue of double bank guarantee and instead only covers the IATA administrative issue to comply with the annual financial review in Hong Kong --- a financially healthy city where we seldom have any problem of payment and one which generates the largest cargo volume among any airport in the world. As a result, IFCC suggested returning the proposal to IATA Hong Kong to examine the possibility of cancelling the bilateral bank guarantee. The IATA-Headquarters was asked to direct its office in Hong Kong to suspend any annual examination according to Resolution 801. We trust this direction will benefit the entire cargo industry.

Under FAPAA, HAFFA hosted the 41st Executive Council Meeting (ECM) and Annual General Meeting (AGM) of the Federation of Asia Pacific Aircargo Associations (FAPAA) in June for the third time. The FAPAA meetings were opened by Mr. Yau Shing Mu, JP, Under-Secretary for Transport and Housing who praised the member associations for continuing their efforts to raise awareness of issues in the freight forwarding industry in the Asia Pacific region at this important meeting.

The meetings, held over two days were attended by delegates from 19 member countries or regions in the Asia Pacific. We are pleased to welcome members from the China International Forwarders Association (CIFA), who attended the meetings for the first time as a full member.

I hope you share our ambition and will support HAFFA in its commitment to do more as a team to contribute to the industry and Hong Kong as a whole. In this view, the words that come to mind are those of UNITY, SUPPORT and PARTICIPATION. These are the characteristics of HAFFA and a reinforcement of these values, which has helped the industry succeed, will no doubt be our pillars as we confront the challenges ahead. With that, I would like to take this opportunity to express my pride and appreciation for the sincerity and unparalleled support that we have received from our members, the Board of HAFFA, the HAFFA Secretariat Office and our industry partners.

Best wishes for a healthy and prosperous year!

Yours truly,

Ir. Dr. Paul Tsui  
Chairman

