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HAFFA Delegation to Guangxi (Guangxi - Hong Kong Cooperation Forum cum Investment Project Matchmaking Symposium and Visits), 17-20 September 2014

HAFFA has formed a delegation joining the subject event which was held in Nanning (南寧) on 17-20 September 2014. The HAFFA delegation was led by Ir. Dr. Paul Tsui, Chairman and Mr. Joseph Leung, HAFFA Executive Committee Member and Greater China Affairs Sub-committee Vice Chairman.



The delegates were provided with the latest information about the development of Maritime Silk Road (海上絲綢之路) for which Hong Kong forwarders can explore business opportunity. Another mission for this delegation was to explore business with the ASEAN (*The Association of Southeast Asian Nations*) countries.

The development of Guangxi focused on the following three areas:

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- Tourism
- Logistics
- Trading

As to the logistics industry, the highlights are

- Cold chain commodity
- Chinese medicine (*Guangxi being major source of Chinese herb in the Mainland*)
- Jeans
- Diesel engine

Many factories have already been established in the China-Malaysia Qinzhou Industrial Park (中馬欽州產業園). Besides, a new airport terminal was in operations. Majority of cargo throughput are domestic shipments which account for about 80% - 85% of volume. The rest of international shipments are shipped for the Southeast Asian countries via Hong Kong.

In response to HAFFA's request, the host provided the event photos, video and a list of investment projects with contact particulars and were circulated to members via HAFFA News. Interested Members please visit the following webpage for more details and you may liaise direct with the project coordinators should you require further information:

<http://www.haffa.com.hk/portal/Page/Default.aspx?id=379>

High Level Transport Constituency Delegation to Beijing 航運交通界訪京團, 23-25 October 2014

Invited by the Hon. Frankie Yick, Legislative Councillor under Transport Functional Constituency, HAFFA Chairman, being the deputy leader, led a high level Transport Constituency Delegation to Beijing (航運交通界訪京團) which was held on 23 – 25 October 2014.



The delegation has visited five Government bodies in Beijing:

- General Administration of Customs 海關總署
- General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) 國家質量監督檢驗檢疫總局
- Hong Kong and Macao Affairs Office of the State Council 國務院港澳事務辦公室
- Ministry of Commerce 商務部
- Ministry of Transport 交通運輸部

The outcome of delegation was fruitful and the delegates were particularly impressed by the open-minded and proactive attitude of the Chinese Customs. Below are some salient highlights of the delegation:

1. *Paperless Customs Clearance*

Currently, the shipment data are submitted to the Chinese Customs electronically. However, when there is a need to conduct random inspection, paper documents are required for Customs' verification and the physical shipment has to be shown to the officials for checking. The delegation made the following recommendation to streamline the process:

- a/ To verify the soft copy of the documents (*image files*) instead of paper documents.
- b/ To install CCTV in the bonded warehouse for remote checking instead of showing the physical shipment to the Customs. Thus, the industry can properly pack the cargoes at their premises.

2. *Recognition of CIQ (China Inspection & Quarantine) Certificate issued by Hong Kong*

It is known that AQSIQ recognized CIQ Certificate issued by appointed service providers in New Zealand whereby the enterprises are not required to apply for the required Certificate in China. The delegation proposed AQSIQ to also authorize qualified service providers in Hong Kong to issue CIQ Certificate. This would greatly facilitate the carriage of shipment involving wine and food.

3. *Maritime Silk Road (海上絲綢之路)*

It was raised that how Hong Kong could play an active role in the development of Maritime Silk Road that was considered as an "enhanced version" of ASEAN (*The Association of Southeast Asian Nations*) cooperation.

Meetings with the Government Bureaus and Industry Players from Different Provinces

Greater China Affairs Sub-Committee plays a very active role in liaison with the government bureau, trade organizations as well as industry counterparts in the Greater China. Last year, the sub-committee, representing HAFFA, met many officials, associations and industrial players from different provinces to network and exchange valuable business intelligence and experience on the logistics practices.

Meeting with the People's Government of Guizhou Province 貴州省人民政府, 31 July 2014



A 7-member delegation from the People's Government of Guizhou Province 貴州省人民政府 paid a visit to HAFFA on 31 July 2014. In the meeting, both parties exchanged the latest development of freight and logistics industry in two places and explored collaboration opportunities under the areas of education, paperless customs clearance and wine logistics etc. Interested Members may download the 2013 Research Report of the Logistics Industry in Guizhoiu (2013貴州物流業現狀調研報告) shared by the delegation from the HAFFA website: <http://www.haffa.com.hk/portal/Page/Default.aspx?id=354>

Meeting with the Dalian Jinzhou New Area Economic and Trade Bureau 大連金州新區經濟貿易局, 28 August 2014



Three officials from the Dalian Jinzhou New Area Economic and Trade Bureau 大連金州新區經濟貿易局 met HAFFA on 28 August 2014. Focus was on the discussion of investment opportunities in Dalian under the area of cold chain management. Following the meeting, HAFFA prepared a question list about the need for more information on the cold chain logistics in Dalian Jinzhou New Area and sent it to the Dalian officials for follow-up. Interested Members may download the presentation slides (大連金州新區區情介紹), HAFFA Question List and their reply from the HAFFA website: <http://www.haffa.com.hk/portal/Page/Default.aspx?id=380>

Meeting with the Shenzhen Air Transport Association (SZATA) 深圳市航空運輸業協會, 22 January 2015



A meeting with the Shenzhen Air Transport Association (SZATA) 深圳市航空運輸業協會 was held on 22 January 2015. Both associations exchange the latest industrial information and explore possible collaboration in particular under the areas of sharing DG incident list and training co-operations.

Value Added Tax (VAT) Implementation in China 營業稅改徵增值稅

Further to the last Annual Report, in response to HAFFA's letter dated 24 January 2014, a reply was received from the Liaison Office of the Central People's Government (LOCPG) in the HKSAR (中聯辦) dated 13 May 2014. In short, it was interpreted that only 1st class agent (*direct procurement*) is eligible for VAT exemption under the existing regulation. A follow-up letter highlighting the operational constraint in North China was submitted to the LOCPG on 20 May 2014.

On 04 July 2014, the **China State Administration of Taxation** announced [國家稅務總局公告2014年第42號] that **from 01 September 2014, international freight forwarding services and shipping agency services indirectly provided by pilot taxpayers through other agents, are entitled to VAT exemption in accordance with Notice [2013] No. 106, provided that all agency income is settled through financial institutions. And so is the freight forwarding services indirectly provided by pilot taxpayers for the cargo transportation between Mainland China and Hong Kong, Macao and Taiwan.**

Whilst it will sure take some time until all provinces have received, interpreted and implemented the regulation it must be seen as a major step into the right direction. FIATA has issued a circular dated 31 July 2014 regarding the background and latest development of the VAT implementation in China.

HAFFA also received an official reply from LOCPG dated 13 August 2014 to respond HAFFA's follow-up letter dated 20 May 2014.

On 19 August 2014, the Shanghai Municipal Bureau of Local Taxation (上海市地方稅務局) issued a notice “上海市國際貨物運輸代理服務增值稅管理問題解答” detailing how forwarders can apply for tax exemption in Shanghai.

Interested Members may download the relevant correspondence and notices mentioned above from the HAFFA website below: [After Login] <http://www.haffa.com.hk/portal/Page/Default.aspx?id=315>

Key activities in 2014-2015 at a glance:

Date	HAFFA	Event	Organizer(s) / Visitor(s)
04/06/2014	Mr. Damiao Cheng (Greater China Affairs Sub-committee)	河南航空物流暨電子信息產業 專場推介會	Department of Industry Information Technology of Henan Province 河南省工業和信息化廳
20/06/2014	Mr. Eric Wong (Vice Chairman)	專案服務業座談會	The Liaison Office of the Central People's Government (LOCPG) in Hong Kong 中聯辦經濟部
01/07/2014	Mr. Eric Wong (Vice Chairman)	Reception in Celebration of 17th Anniversary of Establishment of HKSAR 慶祝香港特別行政區 成立十七周年酒會	Hong Kong Economic & Trade Office in Guangdong 香港特別行政區政府駐粵 經濟貿易辦事處
30/07/2014	Mr. Damiao Cheng (Greater China Affairs Sub-committee)	貴州物流(口岸)與市場建設合 作發展商洽會	The People's Government of Guizhou Province 貴州省人民政府
31/07/2014	Ir. Dr. Paul Tsui (Chairman), Mr. Ronnie Leung, Mr. Sydney Chan and Mr. Joseph Leung (Executive Committee)	Visit by the People's Government of Guizhou Province to introduce the Association and exchange industrial information	The People's Government of Guizhou Province 貴州省人民政府

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28/08/2014	Ir. Dr. Paul Tsui (Chairman), Mr. Eric Wong (Vice Chairman), Mr. Ronnie Leung, Mr. Sydney Chan and Mr. Joseph Leung (Executive Committee)	Visit by the Dalian Jinzhou New Area Economic and Trade Bureau to exchange the latest development of freight and logistics industry in two places and explore investment opportunities in Dalian under the area of cold chain management particularly.	Dalian Jinzhou New Area Economic and Trade Bureau 大連金州新區經濟貿易局
17-20/09/2014	Ir. Dr. Paul Tsui (Chairman) as leader and Mr. Joseph Leung (Executive Committee and Greater China Affairs Sub-committee Vice Chairman) as deputy leader	HAFFA Delegation to Guangxi (Guangxi - Hong Kong Cooperation Forum cum Investment Project Matchmaking Symposium and Visits)	H.K. Commercial Newspapers 香港商報 and HAFFA
23-25/10/2014	Ir. Dr. Paul Tsui (Chairman) as deputy leader	High level Transport Constituency Delegation to Beijing 航運交通界訪京團	The Hon. Frankie Yick, Legislative Councillor under Transport Functional Constituency
07/11/2014	Ir. Dr. Paul Tsui (Chairman)	集裝箱重量驗證履約研究座談會	Marine Department 海事處
22/01/2015	Mr. Sammy Mak (Airfreight Sub-committee Chairman)	Visit by the SZATA to introduce the Association and exchange industrial information in particular under the areas of DG and training	Shenzhen Air Transport Association (SZATA) 深圳市航空運輸業協會
28/01/2015	Ir. Dr. Paul Tsui (Chairman) and Mr. Joseph Leung (Executive Committee)	Meeting with CMAB and THB re. Maritime Silk Road 海上絲綢之路	Constitutional and Mainland Affairs Bureau (CMAB) and Transport and Housing Bureau (THB)
24/03/2015	Mr. Danny Wong (Greater China Affairs Sub-committee)	河南 - 香港重要商協會及名企高層對話會	The People's Government of Henan Province 河南省人民政府

Date: 21 April 2015

(END OF REPORT)