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HAFFA Supply Chain e-Processing Hub Initiative 電子供應鏈貨運貿易處理中心

Pursuant to the HAFFA's suggestion of the need to develop a Common e-Platform to facilitate information flow for Hong Kong brought out at the first-ever meeting with Mr. CY Leung (*Chief Executive of the HKSAR*) on 19 September 2012, we have been liaising with the authorities and in order to reinforce our commitment, a follow-up comprehensive proposal titled "Supply Chain e-Processing Hub" ("e-Hub") was prepared. This proposal has been formally submitted to Mr. CY Leung and Professor Anthony Cheung, Secretary for Transport and Housing and Chairman of the Hong Kong Logistics Development Council (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.

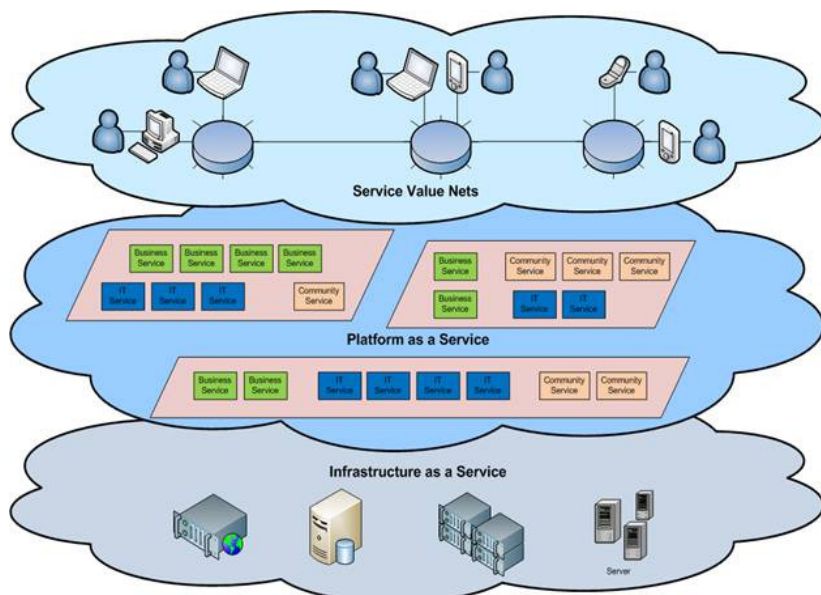


We are particularly grateful to have received strong industrial support from 21 stakeholders including but not limited to shippers, carriers, terminal operators and leading parties for this important initiative. Amongst the many individual and supporting organizations of the proposal are (*in alphabetical order*):

- The Hon. Frankie Yick Chi Ming, Legislative Councilor 立法會議員易志明先生
- Airport Authority Hong Kong 香港機場管理局
- Asia Airfreight Terminal Company Limited 亞洲空運中心有限公司
- Carrier Liaison Group 航空公司貨運聯絡小組
- Hong Kong Air Cargo Terminals Limited 香港空運貨站有限公司
- Hong Kong Association of Aircargo Truckers 香港空運裝板運輸業協會
- Hong Kong CFS & Logistics Association 香港集裝箱貨倉及物流服務聯會
- Hong Kong Container Terminal Operators Association 香港貨櫃碼頭商會
- Hong Kong Liner Shipping Association 香港定期班輪協會
- Hong Kong Logistics Association 香港物流協會
- Hong Kong Sea Transport and Logistics Association 香港航運物流協會
- International Air Transport Association - Hong Kong 國際航空運輸協會—香港
- Logistics Cargo Supervisors Association 物流理貨職工會
- The British Chamber of Commerce in Hong Kong - Logistics Committee 香港英國商會—物流委員會
- The Chamber of Hong Kong Logistics Industry 香港物流商會
- The Chinese General Chamber of Commerce 香港中華總商會

- The Federation of Hong Kong Industries – the Transport and Logistics Services Council (Group 21)
香港工業總會—運輸及物流業協會(第21組)
- The Goods Vehicle Fleet Owners Association 貨車車隊聯會
- The Hong Kong General Chamber of Commerce 香港總商會
- The Hong Kong Institution of Engineers – Logistics & Transportation Division
香港工程師學會—物流與運輸部
- The Institute of Purchasing & Supply of Hong Kong 香港物資採購與供銷學會

To cope with (a) the impending global trend of e-commerce, (b) the need to develop high-value-added logistics and trade services, (c) Single Window concept and (d) the development of “Maritime Silk Road”, HAFFA, together with our technology partner, Tradelink, developed the e-Hub proposal with the aim of benefiting all industry stakeholders and Hong Kong as a whole.



As a cloud-based solution, the proposed e-Hub will enable all parties along the supply chain to access, process, add and accumulate data pertaining to a shipment or transaction. The single platform would rationalize transaction processing; allowing users to communicate efficiently, securely and at low cost with partners or other stakeholders including carriers, cargo terminal operators, shippers and Government agencies. With a minimal entry barrier for adoption, the e-Hub is designed to serve businesses of any size and cover all modes of air, sea and road transport shipments.

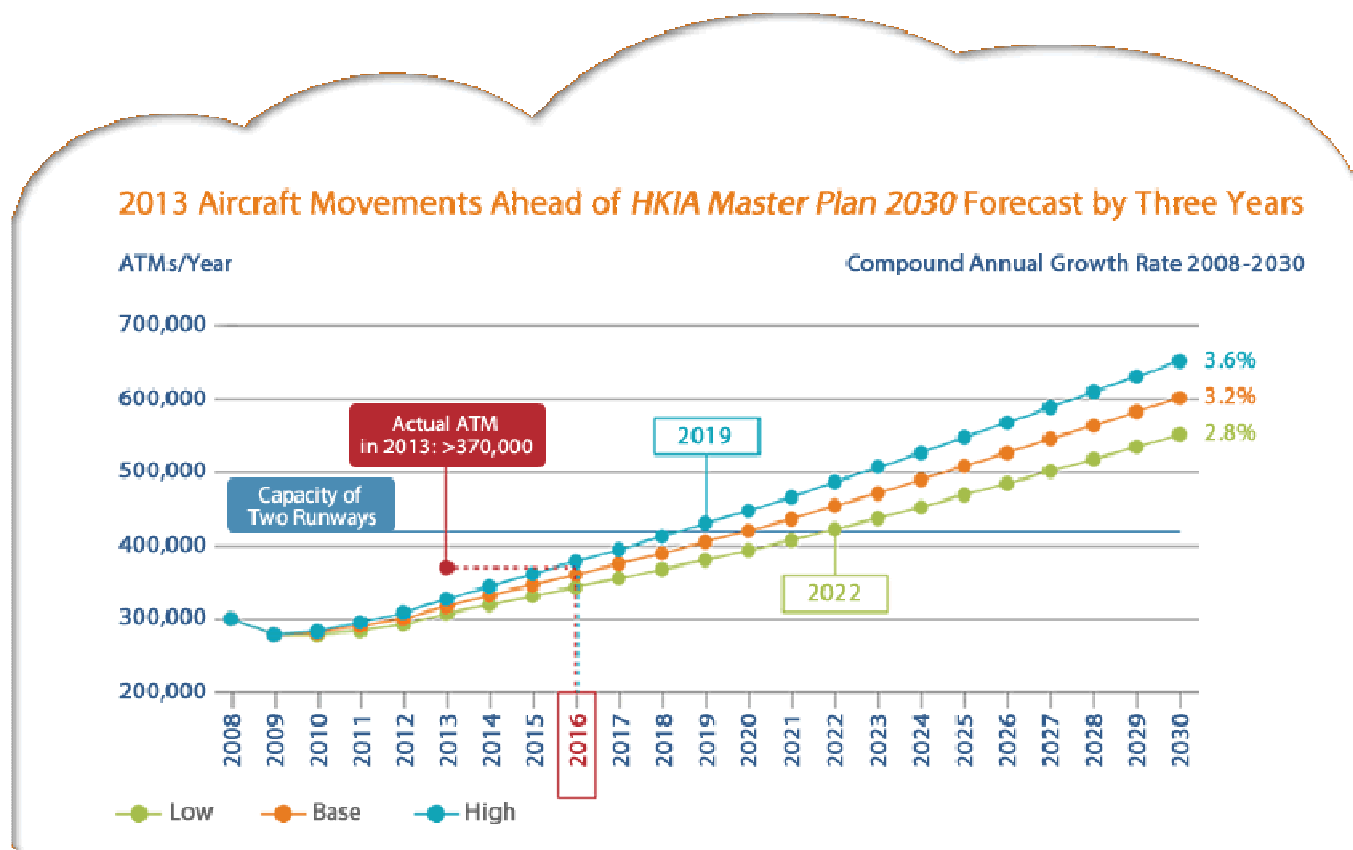
We propose a three-tiered implementation of the e-Hub, each with a pilot program prior to full operation: Stage 1 would connect freight forwarders, carriers and cargo terminal operators; Stage 2 would add relevant Government agencies; while Stage 3 would connect to shippers. Later additions, Stages 4 and 5, would add connections to other industry communities (*such as banks, insurers and financial institutions*) and overseas national single windows.

Hong Kong is renowned for efficient cargo consolidation and it is crucial that the industry quickly achieves a similar reputation in cargo data exchange. In the last couple of years, Hong Kong has lost its top container port status. Hong Kong is no longer the only choice to export shipments from the Mainland; the status quo will further weaken our competitiveness. The development of e-Hub is both an essential and urgent measure crucial to maintaining Hong Kong's competitive edge. We cannot adopt a wait and see approach but need to act now.

The e-Hub proposal provides a blueprint / framework as a foundation which can evolve further in a practical manner. As a neutral common platform, the e-Hub will provide a cost-effective solution to meet the business needs of the trade and logistics industries for cross-border e-commerce; facilitating data flow, enhancing the IT capabilities of SMEs, increasing productivity and saving costs along the entire supply chain.

HAFFA's Views on Three-Runway System Environmental Impact Assessment (EIA)

We have given our support in principle to the Third Runway System (3RS) Project for the Hong Kong International Airport (HKIA). However, invited to submit our views on the proposed project to the Legislative Council (LegCo) and the Environment Protection Department (EPD), we provided additional insights and requested further details on several aspects of the Environment Impact Assessment (EIA).



Source: AAHK

With the existing capacity of HKIA expected to reach saturation between 2018 and 2020, based on prevailing Air Traffic Movement (ATM) trends, in addition to passenger and air cargo throughput, a third runway is required to ensure Hong Kong maintains its position as the world's leading air cargo hub. We believe all possible steps to accelerate the approval process should be taken to avoid any delay beyond the current 2023 completion date.

As mentioned in our comments submitted at the start of 2012, we again called for consideration of a reclamation plan to allow for construction of a fourth runway when required.

We agreed with the environmental mitigation measures proposed by Airport Authority Hong Kong (AAHK), and requested more information on the practical operation and safety considerations for the nighttime use of the southbound route via the West Lamma Channel during the East Flow, including flight requirements and feasibility based on existing wind data.

We are of the view that the air quality initiatives, such as the requirement for all airside saloon vehicles to be electric by the end of 2017, and banning the use of aircraft Auxiliary Power Units while at frontal stands by the end of this year, are adequate. In addition, we noted that the 5km project boundary air impact compliance regulation would avoid degrading the overall air quality of the neighborhood.

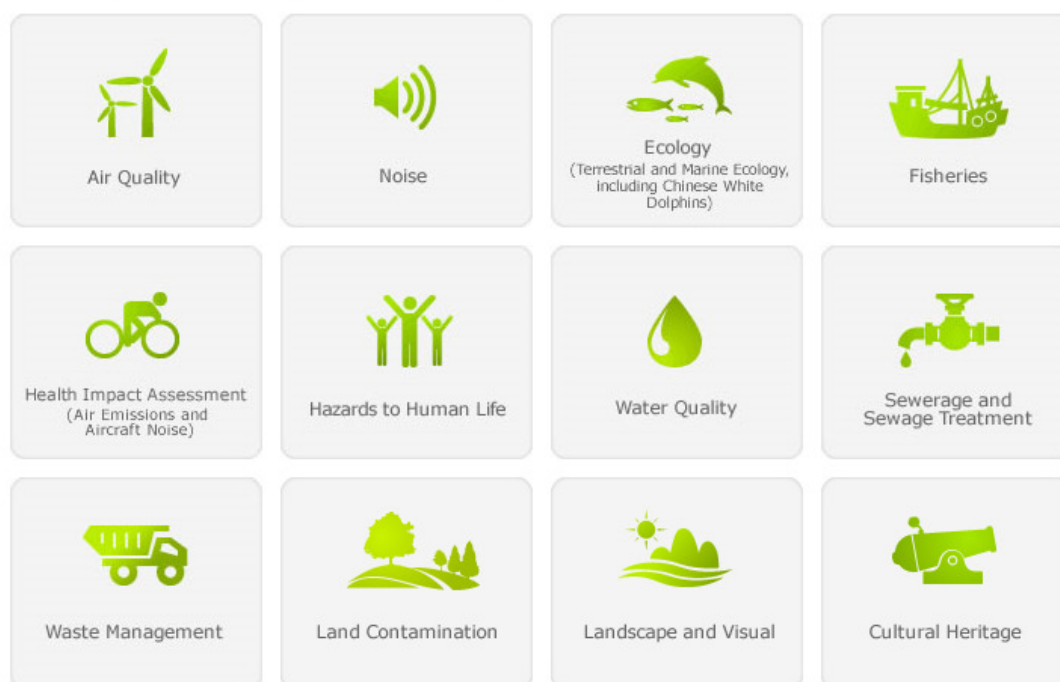
Given the issues between the AAHK and some environmental protection groups regarding the impact on the Chinese White Dolphins, we suggested more information be provided to these groups by the Authority. We believe the mitigating measures provided in the EIA in relation to the impact on marine life, such as the employment of the non-Dredge method for reclamation and diverting the existing submarine aviation fuel pipelines by using the HDD method and buried marine 11kV cables, are adequate.

Planned Three-Runway System Layout



HAFFA was delighted to learn that the 3RS project reached an important milestone with the approval of the EIA report and granting of Environmental Permit by the Director of Environmental Protection on 7 November 2014. On 17 March 2015, the Executive Council has also given AAHK the green light to expand HKIA into a three-runway system. The initial phase of the 3RS project is expected to be completed by 2023 (*indicative timeline that is subject to change*).

Twelve key environmental aspects of the EIA study:



Source: AAHK

HAFFA's Views on the Statutory Minimum Wage (SMW) Rate Review

Invited by the Minimum Wage Commission (MWC) and the LegCo, HAFFA submitted views on the SMW rate review as set out below:

1. We appreciate that the current review mechanism adopted by the MWC has been established for a long time. Apart from making reference to the relevant data in a basket of indicators (*e.g. inflation rate*), it is noted the MWC also undertakes detailed analysis and conducts impact assessment based on wage distribution data and findings of other surveys. In addition, the MWC will consider views from various sectors of community in order to recommend the appropriate SMW rate. Trust that the current mechanism is comprehensive and it is appropriate to be adopted in the upcoming review.
2. The buoyant economy brings to our industry the big challenges of manpower strain and high turnover rate. For employers, employees are the most valuable asset of the company. We are of the view that the current frequency of reviewing the SMW rate (*i.e. once in every two years*) is reasonable in order to cater for the market needs.
3. Ever since the introduction of minimum wage, the industry is experiencing even greater difficulties in recruiting or retaining staff and workers. We are extremely concerned about the possible introduction of "Standard Working Hours/Maximum Working Hours" as a standard feature of the scheme. As cargoes are coming from overseas and across the boundary, events are very often unpredictable, and that as well our major clients are working in different time zones of the world, the work schedule for logistics practitioners by nature needs to be very flexible. Unless there is a special scheme for the industry, a standard scheme with Standard/Maximum Working Hours that applies to all industries is going to undermine the competitiveness of the Hong Kong freight forwarding and logistics industry.



Date: 21 April 2015

(END OF REPORT)