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# **HAFFA ANNUAL REPORT 2008-2009**

**For**

**FAPAA 36<sup>th</sup> Executive Council Meeting**

**Bangkok, Thailand**

**5<sup>th</sup> – 6<sup>th</sup> June 2009**



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## **Chairman Report for the Year 2008-2009**

### **1. Brief overview**

Over the last year, the resilience and perseverance that distinguish Hong Kong freight and logistics service providers were put to the test. We all witnessed the slackening US, European and Japan economy, leading to the airfreight volume decreased by 3.1% to 3.6 million tones in 2008. Seaports handled a total of 24.33 million TEUs, an increase of 1.4% over 2007. However, the real fall came as year-on-year statistics of NOV and DEC shown a decrease of 9.4% and 16.2% respectively. We witnessed also the roller-coaster stock market, currency fluctuations, difficulties faced by our SME operators with the liquidity crunch and Guangdong's export trade slow down as many manufacturers closed down or factories move further inland as a result of mainland regulatory controls.

Against these challenges of 2009 in the international business environment, the competitiveness of Hong Kong freight practitioners in future hinges upon how swiftly we can restructure and how effectively we can upgrade business operations to answer our customers' cost requirements. There are no miracle solutions to the current crisis. But bear in mind in this globalize interdependent and open world we now live in, we have to work with it and work together to turn crisis into opportunity. This is the biggest difference between 2009 and the 1930s and the 1970s.

### **2. Events that are shaping our industry**

#### **Security (RAR and FIATA Working Group on Security)**

In addressing the call for both security and trade facilitation as they will continue to top business agenda in 2009, HAFFA is committed to serving the industry to meet these challenges and capitalize on every new opportunity. We successfully completed most of the consultation work between the Civil Aviation Department, Carrier liaison Group and shippers in response to the recommendations made by International Civil Aviation Organization (ICAO) to reform the current Regulated Agent Regime in Hong Kong for better air security. In order to protect Members' best interest, HAFFA have had lengthy discussions with the Shippers' Council to come up with a proposal of a new mechanism aimed to strengthen the oversight of Known Consignors which give the least extra workload and costs to Members, especially under the keen competition of our neighboring airports. The proposal has been submitted to the CAD for consideration.

HAFFA also plays an increasing important role representing forwarders in security issues on an international level. Our representative Mr. David Fielder was recently appointed as Chairman of the FIATA Advisory Body on security matters, and vice president of FIATA, this is goods news for HAFFA as it gives another Far East voice on the FIATA board and we are in the position to be one of the first to hear about important security updates together with insights. I would like to reiterate that it is the industry's wish that there is one and only one local security program to be developed and to be recognized by major trading partners in the world, the program should not be overly bureaucratic, whilst being mindful of the need for efficient screening of cargo.



## **Dangerous Goods Awareness (DGA) Training Requirement for Category 4 and 5 Staff of Freight Forwarders in Hong Kong**

Apart from our security initiative, HAFFA has also pulled out all stops to assist Members in making the right turn to face the challenges of the recent policy adjustments regarding Dangerous Goods Awareness for air cargo and the development of electronic system for Customs Clearance of Road Cargo (ROCARS).

Taking the lead to support industry and especially our Members in making the best business decision of using DGA self-study program to comply the CAD requirement, the program was recognized by CAD in July last year which includes an examination being hosted by HAFFA at a very reasonable fee. I am sure most of the Members by now have received a FREE set of training kit and we encourage you to plan your internal resources early so as to meet the CAD requirement before 1<sup>st</sup> of July this year.

## **ROCARS**

By leveraging on our industry network and expertise, HAFFA was invited to join the Customs' User Consultation Group to give industrial views for the development of electronic system for Customs Clearance of Road Cargo (ROCARS) since 2005. Apart from provide professional comments representing Members' best interests, we support the Government to use ROCARS as a mean to strive towards facilitating the transshipment cargoes which involve inter-modal transfer from land to air or sea. The ROCARS system is currently undergoes final stage of development; training seminars are expected to be rolled out by Customs in Mid-2009, and to be commissioned in early 2010 with a transitional period of 18 months for the industry.

## **IT (E-freight update: Hong Kong e-Document Initiative)**

Subsequent to the first wave of IATA e-freight pilot implementation in 2007, it was reported that there are now 31 airports around the world having gone live as of March 2009. And we thank the Government and CLG for their support of the project. Being one of the best IT challenges in airfreight this year, Cathay Pacific proposed to establish a Hong Kong best practice hoping to boost up the volume of shipment adopting e-process by removing paper MAWB, HAWB and House Manifest for all export shipments from Hong Kong. And it is currently undergoes final stage of development as well.

## **Education**

More into the educational challenges, we often hear members' need to receive practical trainings in operations. And two of the most significant projects this year have been the completion of training video for the ULD build up and training cooperation with Chartered Institute of Logistics and Transport (CILT) under the great funding support of LogsCouncil.

## **Training Video for the ULD Build Up**

According to IATA, single piece cargo which exceeding 150 kg is defined as Heavy Cargo (HEA) and will require special handling to avoid loading difficulty and damage to aircraft. For the sake of safe and efficient loading of cargo, CLG and HAFFA have jointly developed basic guidelines for ULD build up in the form of video for the industry. The video is already available from the website <http://www.clg.org.hk/usrapps/public/svrscript/Download.asp>. for easy viewing. We strongly encourage Members to download the video and share with their staff or contracted service providers for the preparation of the ULD build up. Furthermore, regular classroom trainings have been provided by both cargo terminal operators for HAFFA members to enhance the proper build up of pre-packed and heavy cargo.



## **Vocational Training Program**

The forwarding industry in Hong Kong is obviously lacking a structured training programme. Most new comers joining a forwarding company are normally taught by their superiors who are not qualified to train people. It would appear to both HAFFA and CILT that the learning process for the new comers (as an entry level) leaves room for improvement. Therefore, both organizations have agreed to jointly develop a training programme that with a focus on basic technical skill and knowledge in the freight forwarding operations.

The vocational training program will be divided into two streams – Airfreight and Seafreight, in which, there will be 4 modules under each stream. After lengthy discussions with LogsCouncil (H-Logistics Project Group), we have successfully applied for the funding in the development of each module and partial funding in the first round of running the training programme. We are now in the process of developing the first 2 modules for each stream and hopefully the FIRST module of airfreight and seafreight can be launched later this year. It is expected the development of the whole training programme to be within 2 years' time. Please stay tune to the HAFFA news and we will keep Members posted of the latest status.

## **HAFFA Form of Trading Conditions**

Since the publication of the edition of HAFFA's standard trading conditions in December 1997, there have been some material changes in the activities of freight forwarders and other areas such as the adoption of Montreal Convention, the introduction by IATA of the new Air Waybill Conditions of Contract, and the impending introduction in Hong Kong of a Competition Ordinance. In view of such amendments and the growing need of guidance under trading conditions for logistics operations, a special working group was set up to make recommendations on HAFFA Form of Trading Conditions since 2005. With the assistance of HAFFA legal adviser, the 1997 Conditions had been revised and updated. The latest version in the form of template, along with a "Memorandum to Members" was formally published on December 2008.

In order to facilitate Members to better understand the major changes in the new template, HAFFA has organized a roll-out seminar on February 2009. Thanks to Members' enthusiastic support, the seminar was successfully held with almost 100 participants. It was stressed in the seminar that the latest HAFFA Form of Trading Conditions (2008 in a template format) are prepared and presented solely for Members' reference. And we have issued special circular subsequently drawing Members' attention to some salient points when adopting the new version. We believe this will not only keep things on the implementation side manageable, but also promote a high degree of professional conduct among our Members.

## **To Better Meet the Needs of Members – HAFFA Members' Survey**

Initiated by the SME Development Sub-committee, HAFFA had carried out a large-scale Members' survey in July 2008. The objective of the survey is to take a closer look at the current HAFFA services and performance in meeting the requirement for business needs. Through this exercise, we intended to identify the top importance of services for Members, which we could best utilize and allocate our resources with priority. Eventually, 96 valid questionnaires, representing 28% of response rate (a very encouraging rate!) were received. Apart from collecting views from the questionnaire, Members who had submitted their written comments were invited to join a focus group meeting so as for HAFFA to collect qualitative views. The meeting was held on September 2008 and many participating Members had responded by sharing their comments/suggestions of how to improve the service of the Association.

Upon endorsement made by the HAFFA Board of Executive Committee, the full report which showcases the survey findings by means of focus group meeting, follow-up phone calls and correspondences were circulated to all Members via News. Taking this opportunity, we would like to again express our sincere gratitude for your valuable comments and input. We are confident that the comments received would



contribute positively to the formulation of the HAFFA policy and planning in relation to your needs in the future.

### **3. Year 2008 Outlook**

Change is critical for this industry, I hope you will join with us as we continue to work together to analyze the state of the industry, discuss its issues, its challenges, and attempt to solve industry problems, maximize opportunities, and demonstrate that the freight logistics industry is truly an important engine of economic development.

Last but not least, I am confident that these challenging plans here will bring benefits to our industry, I would like to thank, personally, all Members, the current executive committee and HAFFA Secretariat Office, which has been the one to deliver the works over the years, for their commitment, professionalism, contributions and hard work throughout the year. HAFFA is poised to serve Hong Kong freight logistics service providers to scale new heights and the industry to grow from strength to strength.

**Yours truly,**

**Walther Nahr**  
**Chairman**

## **AIRFREIGHT SUB-COMMITTEE**

**Chairman:** A-SONIC AIR FREIGHT (H.K.) LTD – Mr. Cliff Sullivan / Mr. James Chan  
**Vice Chairman:** UTI (HK) LTD – Mr. Patrick Yip  
**Members:** AGI LOGISTICS (HONG KONG) LTD  
EXPEDITORS HONG KONG LTD  
HELLMANN WORLDWIDE LOGISTICS LTD  
NAF NORTHERN AIR FREIGHT LTD  
SCHENKER INTERNATIONAL (H.K.) LTD  
THE JANEL GROUP OF HONG KONG LTD  
WANGFOONG TRANSPORTATION LTD  
CARGO SERVICES AIRFREIGHT LTD  
DHL GLOBAL FORWARDING (HONG KONG) LIMITED

### **I. Liaise with the Civil Aviation Department (CAD)**

#### **A. Regulated Agent Regime (RAR) and Aviation Security**

##### ***Oversight of Known Consignors (KC)***

There is a rapidly growing demand for increased global aircargo security. ICAO (International Civil Aviation Organization (ICAO)), the international organization that looks after civil aviation affairs in the world, has been conducting audits of air security systems all over the world, including Hong Kong. ICAO's recommendation led to the situation that CAD was requested to reform the current RAR in Hong Kong. One of the recommendations is to enhance the existing procedures for KC/RA to ensure the KCs and security controls are implemented by them. In order to protect Members' best interest, HAFFA have discussed with the Hong Kong Shippers' Council (HKSC) to come up with a proposal of a new mechanism of strengthening the oversight of KC which give the least extra workload, inconveniences and costs to Members, especially under the keen competition of our neighboring airports The said proposal has been submitted to CAD for consideration.

##### ***Best practice of secured road transport***

Another aspect that CAD is considering reform in RAR is the best practice of secured road transport. It is the requirement of ICAO that there is no unlawful interface between the regulated agent warehouse and aircraft operator. A task force comprising representatives of airlines, truckers, cargo terminal operators and HAFFA was formed. It was noted that the authorities worldwide will only further tighten the requirement, not relax it. The purpose of setting up the task force is to identify effective yet doable measures and well prepare ourselves before the industry is being told by the authorities to stop shipping built or pre-packed cargo which in fact is Hong Kong's competitive edge since we cannot satisfy the security requirement. After due deliberations, the task force has come up with a few options below for complying secured road transport. The matter will be further discussed within the group before formally propose to the CAD for consideration:

- i/ Pallet cover with sealed; or
- ii/ Escort truck by security guard; or
- iii/ Enclosed Truck



## **B. Dangerous Goods Awareness (DGA) Training Requirement for Category 4 and 5 Staff of Freight Forwarders in Hong Kong**

Under every effort HAFFA has made, CAD has finally agreed to extend the implementation date of the regulation from 2006 (at the very beginning), to Mid-2008 and ultimately to 01 July 2009. The HKSAR Government Gazette Notice for commencing Regulation 7B of CAP. 384A Dangerous Goods (Consignment by Air) (Safety) Regulations was published on 28 November 2008. The CAD eventually appointed 01 July 2009 as the day of operation for this Regulation. For compliance, Freight Forwarders in Hong Kong shall ensure their Category 4 and 5 staff have completed DGA (Dangerous Goods Awareness) training programmes approved by the CAD before end of June 2009.

Apart from the breakthrough of the grace period to let practitioners to have sufficient time to receive training before 01 July 2009, the HAFFA Executive Committee have responded to Members' need by establishing a dedicated and comprehensive self-study program in September 2008 which includes an examination being hosted by HAFFA at a reasonable fee in order to endeavour easing Members' burden in regard to cost's issues. Please refer to a separate report under "TRAINING"

## **II. Liaise with Airport Authority Hong Kong (AAHK)**

### **North Lantau Highway Closure Incident**

The heavy rain happened on 07 June 2008 caused landslips and brought about traffic congestion due to temporary closure of the North Lantau Highway. A post-incident debrief meeting within the HKIA community was held on 20 June 2008 with an aim to gather lessons learnt by which the whole HKIA community can improve its collective disruption responses as well as improve its business contingency planning in preparation to respond to possible future incidents. In the debrief meeting, HAFFA representative emphasised that it should have a joint effort of all parties concerned with the high level coordination from the Government (i.e. Transport & Housing Bureau - THB) to establish a contingency plan to cater for no land link to/from airport situation before the alternative route linking the Northwest New Territories to the international airport (Tuen Mun – Chek Lap Kok Link) is available.

Subsequently, in response to our concern, the Hon. Miriam Lau, JP has written a letter to Ms. Eva Cheng, JP / Secretary for Transport & Housing to request the arrangement of a meeting amongst key stakeholders to further discuss the way forward. Under the leadership of Miss Janice Tse, JP / Deputy Secretary for Transport & Housing, a meeting was convened on 15 July 2008, in which Miss Tse confirmed that THB shall take the ownership of the contingency plan. The Bureau is now formulating a contingency plan for the scenario of no land link to/from the airport with the assistance of the AAHK and other relevant Government departments.

Over the past months, the AAHK has conducted survey and organized private/group meetings & arranged site visits with a number of industry practitioners including HAFFA to ensure that the proposed solutions are practical. At the time of writing, two possible alternatives (i.e. floating land barge and vehicle ferry) are under consideration. After deliberations in the board meeting, HAFFA has sent written comment on these two options to THB. When the final proposal is available, the Bureau will consult CLG (Carrier Liaison Group), HAFFA, HAAT (Hong Kong Association of Aircargo Truckers) and other concerned organizations/associations in due course.

### **III. Liaise with IATA, Carrier Liaison Group (CLG), HACTL and AAT**

#### **A. Update of IATA e-freight: Hong Kong e-Document Initiative**

Subsequent to the first wave of IATA e-freight pilot implementation (including Hong Kong) since 05 November 2007, it was reported that there were 19 locations with 31 airports around the world having gone live as of March 2009. With reference to the IATA e-freight, Cathay Pacific in Hong Kong proposed to establish a local best practice with an aim to boost up the volume of shipment adopting e-process. This initiative will hopefully remove paper MAWB, HAWB and House Manifest for all export shipments from Hong Kong.

It was considered that the adoption of this initiative would eliminate the need of forwarders to present them at the airline's acceptance counter, which in turn would provide airlines the opportunity to streamline their process and further improve the export cut-off time. This would apparently not only a financial benefit but also an operational benefit since the acceptance of cargo would be faster. A task force was formed to establish a Standard Operating Procedure (SOP) for the initiative. The draft SOP will be undergone industry consultation before full implementation. Nevertheless, it was understood that the study of outstanding issues like measures to protect carrier's maximum liability if the destination is a non MC99 (Montreal Convention 1999) or MP4 (Montreal Protocol 4) destinations, and forwarder's capability to submit electronic messages are still underway.

#### **B. Dangerous Goods Working Group (DGWG)**



Owing to the significant changes in the 2009-2010 ICAO TI and 50th Edition IATA DGR (2009) (with effect from 01 January 2009) particularly on the lithium battery, the DGWG has reviewed and amended the relevant Best Practices of Battery Shipment. In order for the industry to better understand the regulations/requirements on the Lithium Battery and the amended best practice (BP007), a seminar jointly organized by CAD, CLG-DGWG, HAFFA and the HK Shippers' Council was held on 12 December 2008.

Besides facilitating the shipping and aviation industry to prepare for the changes, the seminar also aimed to promote shippers' understanding of aviation industry's operational requirements so as to reduce unnecessary rejection of shipment.



A seminar of full house was held successfully that day, in which the representatives from the CAD, Battery Association of Japan (BAJ) and CLG delivered informative presentations on the major changes of the regulations and the amended best practices as well as shared with the participants their practical experience in shipping batteries. It was followed and ended after a Q & A session whereby a lot of questions were raised from the floor.



#### **D. CASS and FBX (Forwarder Bill Exchange)**

Apart from CASS-export, IATA Hong Kong has launched CASS-import system in September 2008. As of 01 April 2009, total number of CASS-import airlines is 7 while that of CASS export airlines stands at 24. As for the FBX (a system providing billing services between consolidators/forwarders), several working group meetings were convened. IATA presented the mechanism of FBX and demonstrated the preliminary layout of system of billing. In response, HAFFA has brought up many constructive comments, for which IATA agreed to consider and modify the system based on our inputs. The test system is now ready and HAFFA will nominate 3-4 Members to join the trial so that improvement could be made later to the scheme.

#### **E. Training Video for the ULD Build Up**

According to IATA, single piece cargo which exceeding 150 kg is defined as Heavy Cargo (HEA) and will require special handling to avoid loading difficulty and damage to aircraft. For the sake of safe and efficient loading of cargo, CLG and HAFFA have jointly developed guidelines for ULD build up in the form of video for the industry. The training video describes the minimum standard of ULD build up. Individual airline may communicate their additional requirements direct with their appointed agents if necessary. After several rounds of fine-tuning, the video is already available from the website <http://www.clg.org.hk/usrapps/public/svrscript/Download.asp>. We strongly encourage Members to download the video and share with their staff or contracted service providers for the better preparation of the ULD build up.

Subsequently, a questionnaire was sent to all Members with an aim to solicit their views on the training video and how to formulate the next step for further enhancement. According to the survey result, 50% of respondents considered that classroom training can further assist their staff on ULD build up. As such, both cargo terminal operators have kindly agreed to provide relevant training opportunity for HAFFA members to enhance the proper build up of pre-packed and heavy cargo. The class room training provided by Hactl has been started in February 2009.

#### **F. Joint HAFFA/CLG Training Program to Cargo Agents**

Please refer to a separate report under "TRAINING"

**(END OF REPORT)**

## **EXTERNAL AFFAIRS SUB-COMMITTEE**

**Chairman:** AGILITY LOGISTICS LTD – Mr. Kenneth Ko  
**Vice Chairman:** WANGFOONG TRANSPORTATION LTD – Mr. Louis Lee  
**Members:** AGI LOGISTICS (HONG KONG) LTD  
EXPEDITORS HONG KONG LTD  
THE JANEL GROUP OF HONG KONG LTD

### *The Electronic System for Customs Clearance of Road Cargo – Road Cargo System (ROCARS)*

#### **Background**

Back in year 2005, HAFFA has been consulted by the Commerce, Industry and Technology Bureau (current name: Commerce and Economic Development Bureau) on the feasibility of advance road cargo information by electronic means (e-ACI) (now renamed as “ROCARS”) so as to comply with the requirement of World Customs Organization (WCO). Subsequently, a formal meeting between the Customs and HAFFA was held in March 2006, in which the officials explained the situation with ROCARS and its intention to amend the relevant ordinances later.

#### **HAFFA’s Position**

As mentioned to Members in the annual report last year, the HAFFA Board reviewed again the roles and functions of shippers or freight forwarders acting as agents of the shippers in relation to the development of the subject scheme and finally agreed to support ROCARS in principle. However, we have reflected to the Customs that the liability issues were yet to be ascertained under ROCARS. These were the prime concern to our industry members and we believed they would be correlated with the ROCARS workflow. Therefore we wrote to the Government stating our position thereafter and continued our discussions with the Customs to build the ROCARS workflow until now.

#### **ROCARS Workflow**

After several rounds of discussions and fine-tuning, the workflow are agreed as follows and this mechanism allows cargoes carried by a truck to give advance information before they arrive at the land boundary control point (LBCP):

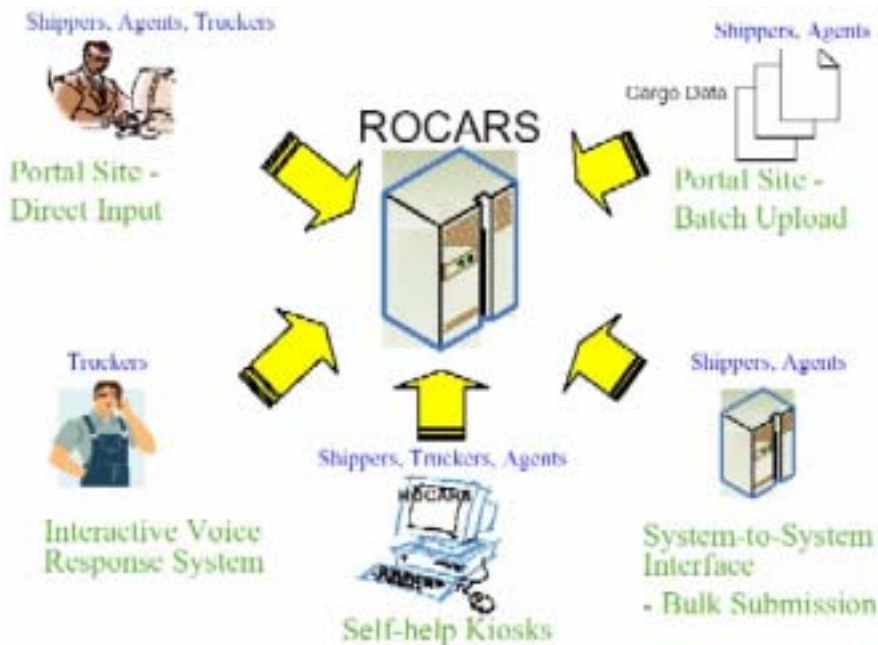
- (1) a shipper or a freight forwarder acting as a shipper (or an agent of either party) provides a pre-defined set of cargo information to the Customs through ROCARS before the cargo enters or exits Hong Kong by truck;
- (2) as an acknowledgment, ROCARS returns a reference number for the consignments concerned to the shipper who would then pass it to the relevant trucker;
- (3) the trucker does the ‘bundling’ work 30 minutes before his truck arrives at a LBCP i.e. by informing the Customs through ROCARS the following information –
  - (i) the reference number of the consignments concerned; and
  - (ii) his vehicle registration number; and
- (4) the Customs performs risk profiling on the cargo consignments before a truck arrives at an LBCP and determines in advance whether the consignments need to be inspected.

## **Participation in the ROCARS Technology and Testing Consultation Work Group (TTCWG)**

HAFFA was invited to join the ROCARS Technology and Testing Consultation Work Group (TTCWG) which was set up in October 2008 with an aim to study the system with respect to the issue of technical aspect and data security. As requested by the Customs, any party who submits the ROCARS data to the Customs is required an e-certificate, an account name and password before entering into the ROCARS interface to ensure the data security.

We have expressed our concern on the requirement of e-certificate owing to its popularity and cost. Other alternative with a more competitive cost was also suggested to the Customs for consideration. Nevertheless, the Customs confirmed that e-certificate is the only possible way for the time being since it supports both 2-factors authentication and the non-repudiation control under the Public Key Infrastructure (PKI). Whereas PKI is recommended by World Customs Organization (“WCO”) for control of non-repudiation and the Customs will only adopt the same standard for ROCARS. As such, HAFFA will endeavor to obtain a better discount from the e-certificate service providers for Members.

### *“ROCARS Services Channels”*



## **Proposed Legislation**

In order to regulate stakeholders (shippers, truckers, forwarders) by ensuring them to submit electronic cargo information to the ROCARS before import or export cargo to/from Hong Kong, the Customs proposed certain amendments to the relevant ordinance. A person will commit an offence and is liable on conviction to a fine and imprisonment for non-compliance.

## **Highlight of Provisions (TBC)**

- a/ A person must not import or export any cargo in or on a prescribed vehicle unless the information has been lodged by sending an electronic record of the information to the ROCARS. Offender is liable to a fine of HK\$10,000.-
- b/ The system will assign Customs cargo reference number (CCRN) to the cargo where information is lodged with the system. If the person received the reference number is not carrier, he must notify and furnish the carrier with the number. Offender is liable to a fine of HK\$5,000.-
- c/ The information (CCRN) of the cargo and the registration mark of the prescribed vehicle must be lodged to the ROCARS at least 30 mins before the prescribed vehicle carrying any cargo pass through a customs clearance point. Offender to the requirement of 30 mins is liable to a fine of HK\$2,000.-, while the person fails to submit CCRN and registration mark is liable to a fine of HK\$10,000.-
- d/ If the prescribed vehicle is not carrying any cargo, the person in charge must make an indication at a customs clearance point that the vehicle is not carrying any cargo. Offender is liable to a fine of HK\$2,000.-

## **Tentative Timeline**

The system currently undergoes final stage of development and is expected to be rolled out by early 2010. And a 18-month transitional period will kick start before mandating ROCARS submissions in 2011 tentatively. Major training seminars and promotions in the industry are hopefully to be launched in Mid-2009.

**(END OF REPORT)**

## **FAPAA LIAISON SUB-COMMITTEE**

**Chairman: UTI (HK) LTD – Mr. Patrick Yip**

**Vice Chairman: AGI LOGISTICS (HONG KONG) LTD – Mr. Walther Nahr**

The business agenda of the Executive Council Meeting of FAPAA this year focused heavily on two main areas: The IATA ‘E-freight’ project and air cargo security & collaboration with regional Governments. These subjects were high on the agenda of each of the respective FAPAA member countries and FAPAA had involved high level representatives of organizations involved in these matters.



In terms of E-freight, Peter Chong, Director of IATA Cargo Services for the Asia-Pacific, again came to give a presentation outlining the current progress of the E-freight Message Improvement Program (MIP). Six pilot countries had been involved in trials during 2007 to test the system process of e-freight and to identify areas that needed further work which would be the next trial phase. IATA was currently making preparations for the second phase of trials, to be conducted alongside an expansion of the original group of trial countries. In the FAPAA region, Australia, New Zealand, Japan and Korea had indicated their preparedness and willingness to participate in the next round.

In the security forum of FAPAA meeting, members were advised that the most significant outcome from the Air Cargo Security Industry Forum (ACSIF) meeting (attended by 19 of the 26 member organisations) was the announcement by IATA of the ‘Secure Freight’ initiative, which was essentially an accreditation

program designed by IATA on behalf of their members. However, the plan was opposed by FIATA and the majority of the ACSIF members, including the Association of Asia Pacific Airlines (APAA). FIATA's objections related to the issue of having another layer of security accreditation which could conflict with that which might already apply in a country or region. IATA claimed that many countries had requested such an accreditation standard but as yet IATA had failed to name them.



Whilst there was no indication as to how the program would work alongside e-freight, it had been described as a voluntary program and was designed to address vulnerabilities. Current effective regulatory programs would be recognised. IATA would be introducing secure freight without any responsibility to higher authority and it was primarily designed to protect the airlines.

The ACSIF was now achieving greater recognition from regulatory bodies such as US (TSA), ICAO, WCO and the EU. Matters which had been presented to the ACSIF group requiring a decision would now be decided on a unanimous rather than a majority vote. ACSIF was unanimous in its agreement that 100% screening was not necessary but that risk based examination was. In summary ACSIF disagreed with the Secure Freight Program as it stood but support with mutual recognition of Aviation Security Programs and would be liaising with IATA to lobby for a more equitable program.

To compound our good future, we are fortunate to be able to continue strengthening our relationships with many countries stakeholders at the FAPAA Meeting, with the very aim to strive towards enhancing the business environment for and uplifting the standards of our industry.



**(END OF REPORT)**

## **FIATA LIAISON SUB-COMMITTEE**

**Chairman: UTI (HK) LTD – Mr. Patrick Yip**

**Vice Chairman: AGI LOGISTICS (HONG KONG) LTD – Mr. Walther Nahr**

**A report prepared by Mr. Walther Nahr - AGI LOGISTICS (HK) LTD**

### **Report on the FIATA Working Group Sea Transport Meeting in Alexandria VA USA, June 2 - 3, 2008**

#### ***A. Transport Security***

##### **1. Customs-Trade Partnership against Terrorism (C-TPAT, mutual recognition)**

Reference is made to the US-EU road map document (FIATA Doc MTI 483 Annex II) towards mutual recognition of trade partnerships programmes. The meeting believes that this item is moving in a good direction due to the fact that the US and the EU have recently adopted a joint road map. Furthermore, both parties said that they are optimistic to achieve a mutual recognition in 2009. The WG would ask the C-TPAT delegates about the actual status in the United States on this item.

Concern was expressed that there is very little activity in relation to the Far East. The Working Group (WG) noted that that some individual countries in the Asia Pacific Region (e.g. New Zealand) have reached an agreement with the United States, but not much happened in relation to the other Asian countries. As the majority of the freight movements are handled in the Asia Pacific Region and it was recommended that the WG should do something for these countries. A great activity took place on the Airfreight side on the security recognitions but on the sea freight side not much action has taken place for the time being.

##### **2. 100 percent Container scanning (Clear definition of “scanning” and “screening”)**

A letter from the EC to the US CBP (Customs and Border Protection) regarding 100 percent scanning of containers (FIATA Doc MTI 483 Annex III) with an extensive comment on the 100 percent scanning stating that the EC is concerned about the implementation of this regulation. It is a very good document and brings up all the concerns. The annex shows that more than 2.6 million TEU were shipped yearly from Europe ports to the United States and doubts were expressed as to if all these containers could be scanned.

The Chairman reminded the advisers that not only the EU has opposed this regulation, FIATA has also sent a letter to ICC and they have copied FIATA’s argument, beside that there are initiatives from almost every European Trade Associations. There is a negative approach from a lot of important Associations even the US Customs. The US Customs did not want to have the 100 percent scanning, they want a 100 percent screening, but the Congress dictated this regulation. The difference between scanning and screening: (**Scanning means: passing thru a scanning machine. Screening means: risk analysis, pre-announcement, mutual recognition etc.**) Security in the United States is the new defence industry and US companies create software and building machines and mandate what the government purchase.



### **3. 10 + 2 regulation**

In reference to FIATA's letter which was sent to CBP (Doc MTI 483 Annex IV) and to the documents provided by CLECAT regarding the position taken by the EC (European Community), WCO (World Customs Organisation) and PSCG (Private Sector Consultative Group). The information of the proposal of this regulation is available on the website of the US customs. Usually freight forwarders provide information that they have received from their customers. Then the freight forwarders can go back to the shippers and hold them responsible if a problem arise due to misinformation. **It was confirmed that the US importer is responsible and they would be charged with the possible penalty on their customs bond.**

### **4. US Customs and Border Protection (CBP) and Container Security – Green Lane Legislation**

The Green Lane Legislation is the safe part act and the 100 percent scanning is part of the larger Green Lane Legislation is supposed to be creating expeditors clearance for people who are participating in these programmes, to establish that their supply chain is secured. It was not clear what to do to provide benefits to those participating in the C-TPAT programme. The other part of the Green Lane Legislation is that what would be happen if there is a terrorist incident and trade is interrupted between the US and other countries and how trade would restart. US Customs would give priority for cargo that is shipped by a C-TPAT participant from a CIS (Customs Intelligence System) secured port where there is a 100 percent container scanning. The resumed trade would start with the cargo that is on the highest level of pre-screening security. If preference is given to those ports and countries that put the strictest security measures in and can afford it and then there is other countries which do not have the resources or the infrastructure to implement such security measurements would be on the bad side.

## ***B. Initiatives in other parts of the world***

### **1. Dangerous goods from and to China during the Olympics**

The meeting was informed that there would be restrictions on hazardous cargo in mainland China during the Olympics. As from a certain date however, all the Chinese transport companies are not allowed to carry any dangerous goods and the factories of fireworks have been closed until after the Olympics. This regulation would be valid until 30 September 2008.

### **2. NVOCC - Elimination restrictions of service contract prohibition amongst NVO's**

It was confirmed that nothing important has happened the last report, except that the decision of the FMC was appealed to the court, but probably it would take a year for the ruling. In the meantime the decision is in effect and it is noted that some enforcement staff are looking into freight forwarder networks and they are also looking at the sales offices of the US license NVOCC's. So far there has not been any effort to extend this to foreign based agents of US forwarders. The main document is the master bill of lading and this is the document that the FMC is most likely to look into and freight forwarders have to be careful. In the Ocean carrier bill of lading if the freight forwarder is not a licensed NVO, but just a foreign NVO, they have to consign that shipment to a real consignee or the bill of lading has to be consigned to a FMC licensed company. It can be either a US licensed OTI or an US licensed freight forwarder. This decision is moving back to the stricter regulation even if nobody is complaining.



### **3. Bill of lading (Initiative of ICC Denmark regarding delivery of goods without and surrender of Original Bill of Lading)**

This item was again on the agenda of the ICC (International Chamber of Commerce) meeting "Commercial law and practices" last month. FIATA was aware that there were differences of position and ideas between within ICC. In the past it was said by ICC that they would only take a formal position from the moment the three involved Commissions would have the same opinion (meaning the Transport, the Banking and the Commercial law Commission). This was not the case in the past so the item remained and was not discussed anymore until now; when ICC Denmark renewed the request. The Secretary General of ICC wrote to these three Commissions and asked for their position. Then, the Banking and the Transport Commission said that they would not give their opinion before they know the opinion of the Commercial law and practices Commission. It was said that the new UCP 600 stated nothing about delivery clauses. Finally it was said that they would work out a compromise text which would be sent to everybody that attended the meeting. The issue remains very controversial.

### ***C. Regulation in China for NVO's – up date***

No changes were reported in regards to the NVOCC scenario, except for the hazardous goods. No changes in the regulations of China.

### ***D. Composition of the FIATA Working Group Sea Transport***

Mr. Zimmermann informed the WG that the following two advisors had resigned: Mr. Bas Szabo (Netherlands) has left FENEX and Mr. Qui (China) would be replaced by a new advisor. Furthermore, he explained that about 20 advisors are member of the WG Sea Transport, but some of them did not participate in a Working Group meeting for the last two or three years. The WG decided to exclude four advisors from the WG Sea Transport due to their non participation in a WG meeting during the last two years.

### ***E. FIATA FCR***

A request from the Bulgarian Association regarding the issuance of FIATA FCR for steel shipments was discussed. In the past there were a lot of fraudulences in the use of the FIATA FCR and the FIATA Presidency decided to inform the Association members that it is strictly prohibited to issue in future FCR's for steel shipments. One of the biggest Metallurgic Company in Bulgaria requested to use the FIATA FCR. Due to the FIATA restriction they asked for another solution. He was aware that the WG Sea Transport cannot remove this prohibition. He asked whether FIATA could be held responsible for misuse or fraud of a FIATA document that FIATA had created, but was misused by members or maybe even non-members that are even not entitled at all to use an FCR.

### ***F. Date and place of the Working Group meetings in 2008***

HAFFA would host the WG Sea meeting in Hong Kong in 2008. They proposed that the delegates arrived on 18 February 2009 and the WG meeting would take place on 19 February 2009. The WG Sea Transport had accepted the kind invitation of HAFFA.

**(END OF REPORT)**

## **FIATA LIAISON SUB-COMMITTEE**

**Chairman: UTI (HK) LTD – Mr. Patrick Yip**

**Vice Chairman: AGI LOGISTICS (HONG KONG) LTD – Mr. Walther Nahr**

**A report prepared by Mr. Walther Nahr - AGI LOGISTICS (HK) LTD**

### **Report on the FIATA Working Group Sea Transport Meeting in Vancouver, Canada, Sept 22, 2008**

#### ***A. Transport Security***

The U.S. Customs and Border Protection (CBP) have under active consideration guidelines for the admission of qualified third party logistics companies to the Customs Trade Partnership against Terrorism (C-TPAT) program. Companies admitted to the programme must show that they have in place measures to ensure that they and their subcontractors cannot be used by terrorists to transport contraband or weapons of mass destruction. C-TPAT members are said to be given expedited clearance through Customs and favoured treatment in the event of a terrorist incident that requires limited access to US ports and border crossings. The draft guidelines being considered by a government-industry advisory committee would limit programme participation to 3PLs with a U.S. presence that is engaged in arranging transportation between the United States and foreign countries. TIA (The Transportation Intermediaries Association) has been meeting frequently with CBP to develop the programme criteria for 3PLs and to expedite opening of the programme to them.

##### **1. 100 percent Container Scanning**

CBP recently reported to Congress on the initial results of pilot projects in three ports to scan 100% of all containers exiting those ports for the United States. Given the cost and the physical constraints at most major ports, CBP reported that it would be difficult if not impossible to require 100% scanning without creating unacceptable disruptions to and burdens on trade with the U.S. CBP recommended instead an expansion and upgrading of the existing risk-based system that identifies high risk containers for scanning and possible physical inspection, without requiring scanning of all of the millions of containers dispatched to the U.S. every year. U.S. trading partners, and in particular the EC, have also objected to imposition of the 100% scanning burden, which could distort trade patterns by making it impossible for ports without such facilities to handle cargo destined for the U.S.

##### **2. 10 + 2 regulation**

It was confirmed that the US importers are responsible that the correct data would be transmitted to the US authorities. The US and the EU also have agreed the 10 + 2 regulation has not been allowed to be accommodated in the EU data filing and it was not expected to be ratified.



## ***B. Implementation of the Advance Manifest System in China***

It was reported that now the final version is ready but only in Chinese, there are minor changes to the English version that was previously available as a draft version. The Chinese government confirmed that the AMS would be implemented by 1 January 2009, but no final details are available. HAFFA checked with various transport providers but could not get a further details of the regulations. Reference was made to an article regarding the Chinese AMS which said that the foreign parties have to transmit the data. It was clarified that at this moment only Chinese companies are connected electronically with the Chinese Customs and not yet any foreign company (Freight forwarders, shipping lines etc).

## ***C. Elimination of tariff publication for shipments to the United States***

On August 11, 2008 a notice was published in the Federal Register seeking public comment by September 26, 2008 on a petition filed by the National Customs Brokers and Forwarders Association of America (NCBFAA) requesting the Federal Maritime Commission to grant an exemption from the tariff publication requirement for NVOCCs. The NCB petition argues that tariff publication is expensive and unnecessary, and asks the FMC to permit as an alternative a negotiated rate between NVOCC's and shippers. The petition suggests that the FMC should require a written record of the rate agreement to be maintained by the NVOCC using the exemption and those records would be subject to FMC audit upon request. The exemption would apply only to rate tariffs (which are constantly changing) and not to rules tariffs, which would still be subject to publication requirements. NVO service agreements would continue to be filed with the FMC. TIA plans to file comments with the FMC in support of the NCBFAA petition. Prospects for positive action on the petition are uncertain. At least two of the three sitting commissioners, as well as the FMC's acting general counsel, have expressed skepticism about the agency's authority to grant such an exemption.

## ***D. Bill of Lading Issue***

### **1. Bill of lading (Initiative of ICC Denmark regarding delivery of goods without and surrender of Original Bill of Lading)**

It was reported that the WG had discussed this item already at the last meeting in Washington. This item was again on the agenda of the ICC (International Chamber of Commerce) meeting "Commercial law and practices" last month. Now the result of the discussion in the legislation Committee of ICC was that a compromise text should be found. This text was drafted in the meantime, but there was concern that the text was confusing due to the fact that its content expressed the views of different parties. The ICC would only take a formal position from the moment the three involved Commissions would have the same opinion (meaning the Transport, the Banking and the Commercial law Commission). The ICC Commission on Transport and Logistics meet on 2 December 2008 and their position is clear that such clause, proposed by ICC Denmark, is not acceptable. The issue was also discussed during the UNCITRAL meeting and the conventions are binding when a country ratified the convention. We now have to wait until the WG has received the opinions of the Commissions and ask ICC officially on the status of this problem.



## **2. Single Transport document, Initiative of the Short Sea Promotion Centre France supported by the European Commission**

It was reported that there was an initiative which came up by the short sea shipping people in Europe promoted by the French delegation. They launched the idea to introduce a so-called Single Transport document in the context of multimodal transport involving a sea leg. The basic idea was to create a European Multimodal Transport document. This item has been discussed on several levels within the EU. This idea came up as a consequence of the problems the French short sea people and their shipping lines have when calling ports in North Africa. The system within Europe which based on customs purposes that is facilitated within Europe. But some of the shipping lines from France also call at North African ports and this procedure involves an additional customs procedure outside the EU. They tried to find a solution with this idea of a single multimodal transport document. The system would be based on the CMR conditions. Some within the EU are in favor of such a document but not only on the EU level but on a global basis. It is assumed that such a document would not be introduced for the time being.

### ***E. Revision of the INCOTERMS 2000***

The Chairman reminded the delegates on the FIATA position that **there is no need for a revision or an adoption of the INCOTERMS 2000, but FIATA could agree to some smaller changes in regards to the security requirements. The security items were not dealt with in the actual INCOTERM text.** This was also the idea of the ICC revision group that there would be only minor changes to the actual text. **FIATA agreed on, to say that there must be something in the INCOTERMS especially some text regarding costs of security handling.** These have to be foreseen in some ways by the next edition of the INCOTERMS.

**(END OF REPORT)**

## **GREATER CHINA AFFAIRS SUB-COMMITTEE**

**Chairman:** WANGFOONG TRANSPORTATION LTD – Mr. Louis Lee  
**Vice Chairman:** DHL GLOBAL FORWARDING (HONG KONG) LTD – Mr. Tom Li  
**Members:** HELLMANN WORLDWIDE LOGISTICS LTD  
KERRY FREIGHT (HONG KONG) LTD  
SCHENKER INTERNATIONAL (H.K.) LTD  
U-FREIGHT LTD  
YUSEN AIR & SEA SERVICE (HK) LTD  
AIR-CITY CO LTD  
EMPEROR SKY LTD

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 with many officials, associations and industrial players from different provinces to network and exchange valuable business intelligence and experience on the logistics practices.

The 5th Sino-International Annual Freight Forwarders Conference with some 1,300 delegates from more than 150 different countries was held in Hong Kong in June 2008. One of the hosting organizations, China International Freight Forwarders Association (CIFA) invited HAFFA to be a guest speaker in the opening ceremony. Taking this opportunity, CIFA (中國國際貨運代理協會) with MOFCOM (中國商務部) officials, TATA (臺北市航空貨運承攬商業同業公會) and MAFFA (澳門空運暨物流業協會) were gathered at HAFFA Secretariat to have a fruitful discussion on various issues including the plan for the next Greater China Freight Forwarding and Logistics Conference (海峽兩岸暨港澳地區貨運物流研討會).





In response to the suggestion made by the respondents in the latest HAFFA Members' Survey conducted in July 2008, a one-day delegation was organized on 13 November 2008. In the trip, the delegation visited various logistics facilities located in Shenzhen, Dongguan and Guangzhou, including Shenzhen South-China Int'l Logistics Center - Green Lane (華南國際物流中心綠色通道), Dongguan Machong Supervised Warehouse (東莞麻涌監管倉), Guangzhou Baiyun Airport Logistics Center (廣州白雲國際機場貨運站) and Clifford Logistics Center (祈福物流綜合園).



The participants were provided with some first hand information on the latest development of the logistics facilities and policies in our nearby Mainland cities through briefings, presentations, field visits and interactive discussions.



The feedback received from delegates was positive and encouraging. I welcome interested Members to suggest the destination of HAFFA Delegation to China in Year 2009 and appeal for your continuous support in joining the study tour again.

Lastly, I would like to convey my gratitude and appreciation to all our sub-committee members and the Secretariat for their dedication and contribution.

**Key activities in 2008-2009 at a glance:**

	<b>Date</b>	<b>Event</b>	<b>Organizer(s) / Visitor(s)</b>
1	10/04/2008	<b>Visit by Hong Kong Economic and Trade Office in Chengdu (CDETO) 香港特別行政區政府駐成都經濟貿易辦事處</b> - Exchange industrial information, in particular CEPA issues	Hong Kong Economic and Trade Office in Chengdu (CDETO) 香港特別行政區政府駐成都經濟貿易辦事處
2	25-28/04/2008	<b>HK Business Delegation to the 3rd Expo Central China (ECC) 香港特別行政區武漢考察團</b> - Exchange industrial information - Explore business opportunities with local companies in Mainland	Hong Kong Trade Development Council (HKTDC) 香港貿易發展局
3	21-24/06/2008	<b>The 5th Sino-International Annual Freight Forwarders Conference</b> - Mr. Walther Nahr (HAFFA Chairman) as a guest speaker - One-on-one meetings - Explore business opportunities with companies from more than 150 different countries	China International Freight Forwarders Association (CIFA) 中國國際貨運代理協會 and WCA Family of Logistic Networks
4	24/06/2008	<b>Meeting with CIFA, TAFE and MAFFA</b> - Discuss the plan of the next Greater China Freight Forwarding and Logistics Conference 海峽兩岸暨港澳地區貨運物流研討會	- CIFA 中國國際貨運代理協會 - TAFE 臺北市航空貨運承攬商業同業公會 - MAFFA 澳門空運暨物流業協會 - HAFFA
5	16/07/2008	<b>PRD Business Environment Interview</b> - Assess the business environments of Hong Kong and other PRD cities such as Shenzhen. - Evaluate the competitive edges of various cities from different perspectives – financial and banking, governmental supports, quality of staff, technological advancement, logistics infrastructures etc	Synovate Business Consulting
6	22/09/2008	<b>CEPA 補充協議五服務業開放措施及廣東省先行先試措施的政策宣講會</b> - Introduction to the CEPA VI and the measures on trial basis implemented in Guangdong Province	Trade and Industry Department (TID) 工業貿易署
7	27/10/2008	<b>Meeting with the logistics delegation from Fujian 海西物流推介會</b> - Communicate with Fujian Hongkong Economic Cooperation Promotion Committee - Better understand Haixi logistics services	Hong Kong Trade Development Council (HKTDC) 香港貿易發展局
8	28/10/2008 & 31/10/2008	<b>In-depth Interview on Guangzhou-HK Collaboration by HKPC</b> - Study how to apply IT to enhance information flows and facilitate better collaboration between GZ and HK in logistics and transportation arrangement	Hong Kong Productivity Council (HKPC) 香港生產力促進局

	Date	Event	Organizer(s) / Visitor(s)
9	10/11/2008	<b>Hong Kong Promotion of Chongqing Modern Logistics Industry 重慶現代物流香港招商專題推介會</b> -Mr. Walther Nahr (HAFFA Chairman) and Mr. Louis Lee (Chairman of Greater China Affairs sub-committee) as guest speakers. (Topic: 渝港現代物流的發展與互動 Development and Interactivity of Modern Logistics between Chongqing and HK) - Introduction to the modern logistics industry of Chongqing	Chongqing Municipal Government 重慶市人民政府
10	13/11/2008	<b>HAFFA Delegation to Shenzhen, Dongguan &amp; Guangzhou 香港貨運物流業協會 — 深圳、東莞、廣州考察團</b> - Better understand the latest development of Shenzhen South-China Int'l Logistics Center (Green Lane), Machong Warehouse & Xinsha Port Container Terminal, Guangzhou Baiyun Airport Logistics Center (Int'l Cargo) & Clifford Logistics Center	HAFFA
11	01/12/2008	<b>Meeting with the delegation from Lian Yun Gang City 連雲港市港口物流園區投資座談會</b> - Introduction to the latest development of Lian Yun Gang City in particular its Port Logistics Park 港口物流產業園 - Explore the possibility of cooperation and investment	Hong Kong Economic and Trade Office in Shanghai (SHETO) 香港特別行政區政府駐上海經濟貿易辦事處
12	04/12/2008	<b>Seminar on the 30th Anniversary of China's Reform and Opening up 改革開放三十週年研討會</b> - Review the change happened in China in the past three decades and the outlook	Hong Kong Trade Development Council (HKTDC) 香港貿易發展局
13	10/12/2008	<b>粵港澳(台)流通服務業合作試驗區推介晚宴</b> - Introduction to logistics services industry of Guangzhou Baiyun District under CEPA	Guangzhou Baiyun District People's Government 廣州白雲區人民政府
14	18/12/2008	<b>Meeting with the logistics delegation led by Guangdong Economic and Trade Commission 廣東省經濟貿易委員</b> - Overview on the latest policies and regulations enacted by the Guangdong Government	Hong Kong Trade Development Council (HKTDC) 香港貿易發展局
15	17/03/2009	<b>Meeting with Investment Promotion Bureau of Suzhou Industrial Park 蘇州工業園區招商局</b> - Update on the latest development of Suzhou Industrial Park	Investment Promotion Bureau of Suzhou Industrial Park
16	18/03/2009	<b>Investment Seminar of Panyu District, Guangzhou 粵港服務業高速直通車 - 番禺服務業發展(香港)商機交流會暨午宴</b> - Introduction to the business opportunity brought by the largest rail station in Asia	The People's Government of Panyu District, Guangzhou 廣州市番禺區人民政府
17	31/03/2009	<b>Courtesy visit by the China Council for the Promotion of International Trade Machinery Sub-Council (CCPIT - MSC) 中國國際貿易促進委員會機械行業分會 and the Delegation from Lithuanian Logistics Industry 立陶宛國家物流行業代表團</b> - Exchange industrial and association-related information	China Council for the Promotion of International Trade Machinery Sub-Council (CCPIT - MSC) 中國國際貿易促進委員會機械行業分會

## **INFORMATION TECHNOLOGY SUB-COMMITTEE**

**Chairman:** YUSEN AIR & SEA SERVICE (HK) LTD – Mr. Joe Chan

**Vice Chairman:** HECNY TRANSPORTATION LTD – Mr. Arnold Lee

**Member:** THE JANEL GROUP OF HONG KONG LTD

BEL INTERNATIONAL LOGISTICS LTD

DHL GLOBAL FORWARDING (HONG KONG) LTD

### ***HAFFA Delegation to the Asia's first-ever "RFID/EPC Live Test in Global Logistics" and the Hong Kong RFID Centre***

GS1 Hong Kong, in conjunction with TLS IAG (EPCglobal Transport and Logistics Service Industry Action Group), have initiated a program titled "RFID / EPC Technology Live Test in Global Logistics" which was held on 26-27 February 2009 at the Hong Kong Science Park. The 2-day information-packed program was a mix of forum, live test showcase, solutions exhibition and site visit, which provide a unique platform for global and local transport and logistics companies to learn the latest development and deployment of RFID/EPC in logistics supply chain for greater business efficiency on a global scale.

Riding on this event and thanks to Members' enthusiastic, HAFFA had led a delegation to take part in the program held on 27 February 2009, in which illustrated the live tests of EPC / RFID technology in transport and logistics industry and visited the Hong Kong RFID Centre.



*"Welcome Remarks by  
Ms. Anna Lin, Chief Executive, GS1 Hong Kong"*



*"The container truck  
attached with passive RFID  
tags passed through the gate  
equipped with tag readers of  
different frequency band"*



*"Break the e-seal"*



*"Pallet attached with active tag"*



In the whole-day program, Members experienced RFID technology in action, in real time, in five different business scenarios. With the support of 20 global and local logistics and technology companies, the five thematic test cases successfully demonstrated the use of RFID/EPC in global logistics, in passive tagging, at container level, in container tracking and in enabled sensors and how they contributed to the efficiency and visibility of global supply chain for modern logistics. By means of live illustrations and constructive discussions, Members learnt how the supply chain efficiency can be optimized by harnessing the power of RFID/EPC.

*“The expert speaker illustrates different live test scenarios”*



*“The program ended by a discussion and wrap up”*



*“Interactive discussions for the live test among expert speakers and delegates”*

Members also visited the Hong Kong RFID Centre which is an extension of Supply Chain Innovation Centre (SCIC) being funded and supported by the Innovation and Technology Commission of the HKSAR Government and jointly establishing by GS1 Hong Kong and Hong Kong Science and Technology Parks Corporation in October 2008. The Centre is divided into three thematic zones - Manufacturing Zone, Logistics Zone and Consumer Zone. Members had acquired how emerging EPC/RFID technology can be beneficial to all supply chain stakeholders in logistics and warehouse management via a series of showcases that demonstrate real-time and automatic data and event capture for accurate inventory management.



*“HAFFA delegation - Visit to the Hong Kong RFID Centre”*

## **LEGAL MATTERS SUB-COMMITTEE**

**Chairman:** HELLMANN WORLDWIDE LOGISTICS LTD – Mr. Raymond Lam  
**Vice Chairman:** A-SONIC AIR FREIGHT (H.K.) LTD – Mr. Cliff Sullivan  
**Members:** AE CARGO SERVICES LTD  
MARS AIR FREIGHT LTD

### ***Seminar on HAFFA Form of Trading Conditions (December 2008 – Template Only) held on 18 February 2009***

Since the publication of the last edition of HAFFA's standard trading conditions in December 1997 ("1997 Conditions"), there have been some material changes in the activities of freight forwarders and other areas such as the adoption the Montreal Convention, the introduction by IATA of the new Air Waybill Conditions of Contract, and the impending introduction in Hong Kong of a Competition Ordinance. Internationally, we have also seen revised or new trading conditions being put forward by forwarders associations.

In view of such amendments and the growing need of guidance under trading conditions for logistics operations, a special working group was set up to make recommendations on HAFFA Form of Trading Conditions (Template Only) and Logistics Terms and Conditions in 2005. With the assistance of HAFFA legal adviser, the 1997 Conditions had been revised and updated. And the final version of the template, along with a "Memorandum to Members" was formally published on 11 December 2008 via special circular and was posted onto the HAFFA website.



In order to facilitate Members to better understand the major changes in the new template and relevant points to note, HAFFA organized a seminar on 18 February 2009. Thanks to Members' enthusiastic support, the seminar was successfully held with almost 100 participants.

In the seminar, Mr. Louis Lee / HAFFA Vice Chairman delivered welcome remarks and Mr. Henry Chiu / Key Member of the Form of Trading Conditions Working Group gave a presentation to recap the salient points of

the FTC. To be followed by a Q & A session jointly hosted by Louis & Henry.

It was stressed in the seminar that the HAFFA Form of Trading Conditions (December 2008 – Template Only) are prepared and presented solely for Members' information and reference. In so doing, HAFFA makes no recommendation as to the use or adoption thereof. As always, Members may (with the advice of their own legal advisers) but are not in any way required or obligated to use or adopt the Conditions or any part thereof. Members are completely free to offer to their customers any other trading terms or conditions which they may in their sole discretion considered appropriate.





After the seminar, we have issued News so as to draw Members' special attention to some salient points below when adopting the HAFFA Trading Conditions.

**Should Members choose to adopt HAFFA Form of Trading Conditions (December 2008 – Template Only):**

- Before adopting the conditions, **Members should read carefully the “Memorandum To Members”** which highlights major changes in the new template and relevant points to note.
- **The quantum/rates of calculation of the limits of liability under Clause 20.4 and the rate of interest**

**under Clause 11.6 are LEFT OPEN for completion by individual Members.** Hence, Members (in consultation with their own legal and insurance advisers) need to decide the quantum/rates of calculation of the limits of liability and the rate of interest, COMPLETE the blanks in clause 20.4 and 11.6 respectively. As such, we reminded Members **not merely copy and use the “HAFFA Trading Conditions (December 2008 – Template Only)”** because they will be exposed to risks of unlimited liability due to no information on monetary limit.

- Upon completion of the above clauses and / or any modification on the template, it would become the trading conditions of Members' own company. Thus, it is important that Members bring the terms thereof to the attention of the customers. It is also one of the recommended practice that their letterhead, invoices, quotations, and the like bear a clear notice to the effect that (i) Members' business is transacted subject to their company's trading conditions and (ii) copies of which are available upon request. For example the notice could be ***“All businesses are transacted subject to Trading Conditions of ABC Forwarding Co Ltd. (copy available on request), which in certain circumstances limit or exempt ABC Forwarding Co Ltd's liability.”***



**Should Members choose to adopt HAFFA Standard Trading Conditions (December 1997 Edition):**

- In order to **avoid ambiguity**, Members are requested to take reasonable steps such that there should not be doubts on the part of the customers as to **which edition** of trading conditions they are adopting. For example, Members should include a conspicuous legend (e.g. ***“All businesses are transacted subject to HAFFA Standard Trading Conditions [December 1997 Edition]. Copy available on request.”***) in their letter-head, e-mails, stationery and other documents.
- Should there be a legal situation whereby there is no clear reference to the 1997 edition in Members' documents, it may lead to a possible argument that they are not using any specific trading conditions, thus the potential liability may be the actual value of Goods involved.

**(END OF REPORT)**

## **MEMBERSHIP SUB-COMMITTEE**

**Chairman:** NAF NORTHERN AIR FREIGHT LTD – Mr. Sunday Chan  
**Vice Chairman:** WANGFOONG TRANSPORTATION LTD – Mr. Louis Lee  
**Member:** SCHENKER INTERNATIONAL (H.K.) LTD

HAFFA have admitted total **12** New Ordinary Members during the year of 2008-2009, their names are listed below:

### *Ordinary Member*

- |  |                              |
|--|------------------------------|
| 1. Charter Link Logistics Ltd                | 7. Operasia Forwarding Ltd   |
| 2. Dynamic Air Logistics Ltd                 | 8. Smart Freight (HK) Ltd    |
| 3. Global Pacific Int'l Logistics (H.K.) Ltd | 9. Sun Link Logistics Co Ltd |
| 4. Kuehne & Nagel Ltd                        | 10. Uni Logistics Int'l Ltd  |
| 5. Jupiter Global Ltd                        | 11. Voyage Logistics Ltd     |
| 6. New Century Logistics Co Ltd              | 12. Wings Logistics (HK) Ltd |

During the year of 2008-2009 the following members ceased to be a member of HAFFA:

- |   |                                  |
|---|----------------------------------|
| 1. ABX LOGISTICS (Hong Kong) Ltd          | 5. Boeing Transportation Ltd     |
| 2. AFL Air Cargo Consolidators (H.K.) Ltd | 6. C.Y. Shipping Ltd             |
| 3. Associated Air Freight Ltd             | 7. Jupiter Air (Hong Kong) Ltd   |
| 4. BAX Global Ltd                         | 8. Trans Wagon Int'l (HK) Co Ltd |

**And the total membership now stands at 344.**

In addition we have authorized the following member to issue the FIATA Bill of Lading:

1. Kuehne & Nagel Ltd (069)

During the year of 2008-2009 the following members ceased to be FIATA Licencee:

1. ABX LOGISTICS (Hong Kong) Ltd (017)
2. Dachser Far East Ltd (014)
3. Ligentia Hong Kong Ltd (082)
4. Seabridge Transport (HK) Ltd (019)

The total number of members authorized to issue FIATA Bill of Lading now stands at (84).

**(END OF REPORT)**

## **POLICY SUB-COMMITTEE**

**Chairman:** EXPEDITORS HONG KONG LTD – Mr. Peter Wong  
**Vice Chairman:** AGI LOGISTICS (HONG KONG) LTD – Mr. Walther Nahr  
**Members:** THE JANEL GROUP OF HONG KONG LTD  
WALKER LOGISTICS (HK) LTD

### **Four proposed infrastructure projects undertaken by the Highways Department**

1. *Tuen Mun Western Bypass (TMWB) (屯門西繞道)*
2. *Tuen Mun – Chek Lap Kok Link (TM – CLKL) (屯門至赤鱸角連接路)*
3. *Hong Kong – Zhuhai – Macao Bridge Hong Kong Boundary Crossing Facilities (HKBCF) (港珠澳大橋香港口岸) --- a site close to the HK airport for Customs clearance*
4. *Hong Kong – Zhuhai – Macao Bridge Hong Kong Link Road (HKLR) (港珠澳大橋香港接線)*

Subsequent to the announcement made by the Chief Executive in the Policy Address in October 2007 for economic growth of Hong Kong, the study of subject proposed infrastructure projects undertaken by the Highways Department has commenced. These projects, composing the Hong Kong – Shenzhen – Zhuhai Corridor, are closely linked with each other and will be implemented in approximately the same timeframe that the current target completion date is in the year of 2016.

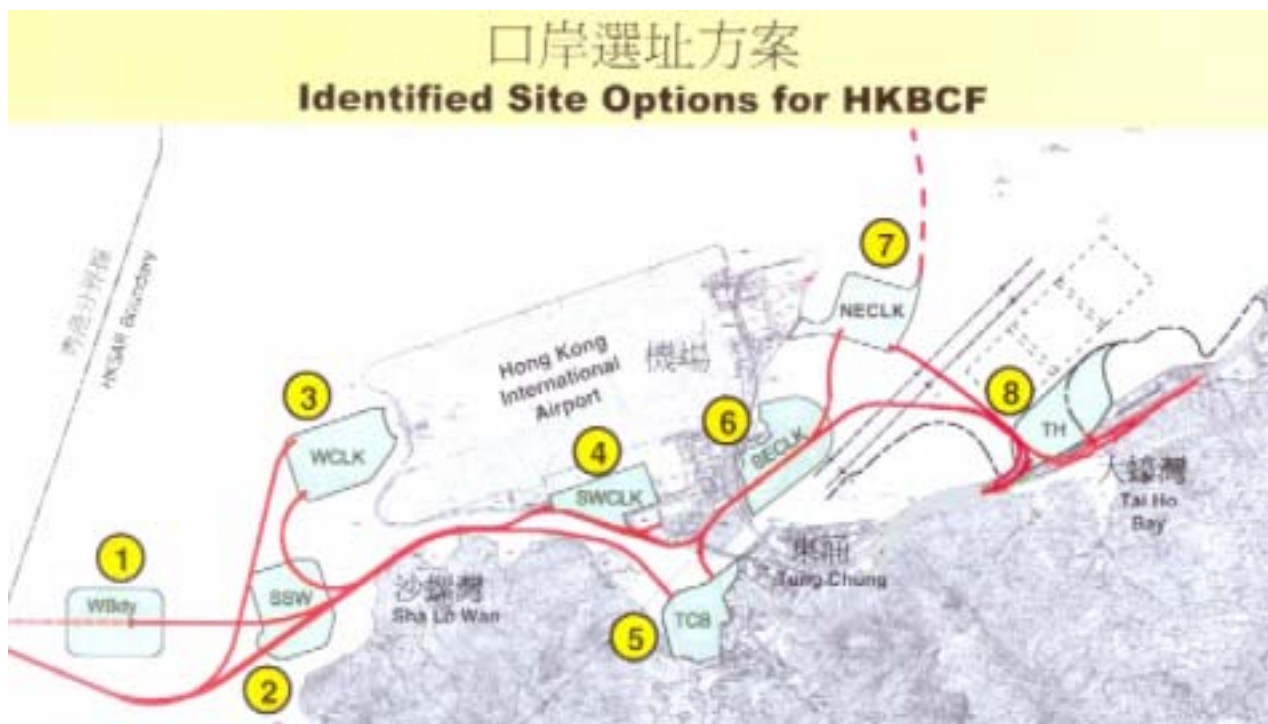


*"The Location Plan"*

We can see the importance of these infrastructure projects at both the strategic and local levels. The projects complete a regional transportation network between Hong Kong, Macao, Shenzhen and Zhuhai, and are important to the strategic regional economic development. Locally, it is very important and urgent to have an alternative route linking the Northwest New Territories to the international airport. The link will enhance the future development of our logistics industry as one of the important economic pillars of Hong Kong. The consultation paper was circulated to all Members via News 38 dated 30 September 2008 for input.

Invited by the Highways Department and its consultants, the Sub-committee had attended a focus group meeting held on 24 September 2008 to understand the basic information of the projects. Subsequently, upon HAFFA's request, two face-to-face meetings were conducted with the Department Official in order to obtain more detailed information on the entire plan, which we believed is crucial for HAFFA to provide pertinent input.

Internal meetings among the Policy Sub-committee members were made after the presentations by the Department; our stance was concluded as HAFFA would support the HKSAR Government to build the Hong Kong – Zhuhai - Macao Bridge Hong Kong Boundary Crossing Facilities (HKBCF) choosing Site Number 7 (*please see the indicative map below*) which would facilitate the industrial operations and development owing to its good connectivity with airport and urban area, while the influence to the environment can be minimal.



Apart from attending two public workshops held on 25, 26 October 2008, the Policy Sub-committee had sent HAFFA's position in writing to the Highways Department and we also urge the Government should no longer defer this critical and important infrastructure project for both Hong Kong logistics industry as well as our economy.

Besides, we suggested the Department to make use of TMWB with the additional exit of Tsing Tin Road and to look into the possibility of expanding the road network of Tuen Mun which connects this important exit to avoid possible congestion in the said area.

**(END OF REPORT)**

**PUBLIC RELATIONS SUB-COMMITTEE**
**Chairman: AGI LOGISTICS (HONG KONG) LTD – Mr. Walther Nahr**
**Vice Chairman: EXPEDITORS HONG KONG LTD – Mr. Peter Wong**
**Members: A-SONIC AIR FREIGHT (H.K.) LTD**
**I) Key Events with Various Trade Bodies**

<b>Date</b>	<b>HAFFA</b>	<b>Event</b>	<b>Organizer(s) / Visitor(s)</b>
28/05/2008	Ms. Alice Lui (HAFFA Secretariat)	Exchange of industrial and association-related information	Ms. Geetha Karandawala / Chief, Transport Facilitation Section of UNESCAP (United Nations – Economic and Social Commission for Asia and the Pacific)
08/07/2008	<b>Ir. Paul Tsui (Executive Committee and SME Development Sub-committee Chairman) as panel speaker</b> (Topic: How to encourage SME logistics service providers to apply IT?)	Logscouncil HLPG follow-up seminar - Project on Use of IT and Automation Techniques in Logistics Services	Hong Kong Productivity Council (HKPC)
05/08/2008	Mr. Walther Nahr (Chairman)	Exchange of industrial information	Business delegation from Province of Noord-Holland (Netherlands)
23-26/09/2008	Mr. Walther Nahr (Chairman) as conference delegate	FIATA World Congress 2008, Vancouver, Canada	FIATA (please refer to the Annual Report under FIATA Sub-committee)
25/09/2008	Mr. Peter Wong (Vice Chairman)	Exchange of industrial information	Captain Tomaz Martin Jamnik / Regional Representative Office of Port of Koper, Slovenia
10/10/2008	HAFFA as supporting organization Ms. Alice Lui (HAFFA Secretariat) as delegate	GS1 Hong Kong SCM (Supply Chain Management) Excellence Summit 2008	GS1 Hong Kong
20/10/2008	Mr. Walther Nahr (Chairman) and Mr. Cliff Sullivan (Hon. Secretary and Airfreight Sub-committee Chairman)	Consultation on the Airport Master Plan 2030 Study	Airport Authority Hong Kong (AAHK)
25/10/2008	Mr. Raymond Chan (Policy Sub-committee Member)	Public Workshop on the associated infrastructure projects of Hong Kong-Shenzhen-Zhuhai Corridor	Highways Department

<b>Date</b>	<b>HAFFA</b>	<b>Event</b>	<b>Organizer(s) / Visitor(s)</b>
26/10/2008	Ir. Paul Tsui (Executive Committee and Policy Sub-committee Member)	Public Workshop on the associated infrastructure projects of Hong Kong-Shenzhen-Zhuhai Corridor	Highways Department
28/10/2008	Mr. Walther Nahr (Chairman)	Exchange of industrial information	Mr. Robert J Armstrong / President of Supply Chain & Logistics Association, Canada
13/11/2008	Mr. Markus Muecke (Executive Committee and Seafreight Sub-committee Chairman), Ir. Paul Tsui (Executive Committee) Mr. Raymond Lam (Alternate Executive Committee)	Exchange of industrial information	Mr. Jordi Valls / President of Port of Barcelona and other representatives
27/11/2008	HAFFA as one of the organizers	Logistics Awards 2008 Presentation Dinner	Hong Kong Trade Development Council (HKTDC) as leading organizer (Others: Logscouncil, CILT, HKPC, HKLA)
02-04/12/2008	HAFFA as supporting organization Mr. Raymond Lam (Alternate Executive Committee) as conference delegate	Global Distribution Strategies - Asia Pacific Conference 2008	Transport Intelligence, UK
11/12/2008	Mr. Walther Nahr (Chairman)	Exchange of industrial information	Mr. David Livingstone / Deputy Consulate-General of the Australian Consulate-General Hong Kong
12/12/2008	HAFFA Airfreight Sub-committee	Seminar on Safe Transport of Lithium Battery by Air	HAFFA co-organized with CAD, CLG and HKSC
15/12/2008	HAFFA as one of the organizers	Air Cargo Community Charity Golf 2008 at Mission Hills	Other organizers: HACTL, Chun Yu Logistics Holdings
11/01/2009	<b>Mr. James Chan (Airfreight Sub-committee Chairman) as judge</b>	The 3rd Int'l Forklift and Pallet Building Competition	Hactl
20/01/2009	Mr. Joe Chan (Executive Committee and IT Sub-committee Chairman), Ir. Paul Tsui (Executive Committee and IT Sub-committee Member), Mr. Derek Leung (IT Sub-committee Member)	“IT x Logistics” Discussion Forum	Office of the Hon. Samson Tam (Information Technology) & Hong Kong Productivity Council (HKPC)



<b>Date</b>	<b>HAFFA</b>	<b>Event</b>	<b>Organizer(s) / Visitor(s)</b>
17/02/2009	Ms. Alice Lui (HAFFA Secretariat)	Exchange of industrial and association-related information	Mr. Ernesto Arévalo Schöedl / Vice President of Asociación Mexicana de Agentes de Carga, A. C. (AMACARGA), Mexico
18/02/2009	<b>Mr. Louis Lee (Vice Chairman) and Mr. Henry Chiu (Key Member of HAFFA Form of Trading Conditions Working Group) as guest speakers</b>	Seminar on HAFFA Form of Trading Conditions	HAFFA
18-19/02/2009	HAFFA as host member Mr. Walther Nahr (Chairman) as working group member	FIATA Working Group Sea Transport Meeting	FAPAA (please refer to the Annual Report under FIATA Sub-committee)
26-27/02/2009	HAFFA as supporting organization Mr. Eric Lam (HAFFA Representative) as conference delegate	Warehousing Management & Control Conference	Marcus Evans
27/02/2009	HAFFA as supporting organization Mr. Joe Chan (Executive Committee and IT Sub-committee Chairman) as leader	HAFFA Delegation to RFID/EPC Technology Live Test in Global Logistics and the Hong Kong RFID Centre	GS1 Hong Kong
05/03/2009	<b>Mr. Walther Nahr (Chairman) as panel speaker</b> (Topic: Effectiveness of Regulated Agent Regime in Cargo Security)	2009 International Avsec Conference 2009	Aviation Security Company Limited (AVSECO)
06/03/2009	HAFFA as supporting organization With a full HAFFA delegation visiting the RFID centre	LSCM Annual Conference (LSCM2009)	Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies (LSCM R&D Centre) (please refer to the Annual Report under IT sub-committee).

## II) Greater China Affairs Delegations / Events

Please refer to a separate report under “GREATER CHINA AFFAIRS SUB-COMMITTEE”.

## III) Media and Others

Throughout the year 2008-2009, HAFFA was interviewed by the media on various issues. With the help of the executive committee members, the PR Sub-committee endeavour to entertain almost all press enquiries. In making comments, we adopt a factual, objective approach with the interest of HAFFA members being our first priority.

**(END OF REPORT)**



## **SME DEVELOPMENT SUB-COMMITTEE**

**Chairman: THE JANEL GROUP OF HONG KONG LTD – Ir. Paul Tsui**

**Vice Chairman: WALKER LOGISTICS (HK) LTD – Mr. Raymond Chan**

**Members: GRAND EXPRESS LTD**

**NAF NORTHERN AIR FREIGHT LTD**

**WANGFOONG TRANSPORTATION LTD**

**AIR-CITY CO LTD**

**ALPHA LOGISTICS (HK) LTD**

**AME TRANSPORT (H.K.) LTD**

**MARS AIR FREIGHT LTD**

### ***HAFFA Members' Survey –***

### ***What You Think of HAFFA Performance and Membership-Support Services***

Initiated by the SME Development Sub-committee, HAFFA had carried out a large-scale Members' survey in July 2008. The objective of the survey is to take a closer look at the current HAFFA services from general to specific and find out from Members' point of views, the focus of service as well as the current performance of HAFFA in meeting the requirements for business needs. Through this exercise, we intended to identify the top importance of services / program for Members, which we could best utilize and allocate our resources with priority. We were confident that the comments received would contribute positively to the formulation of the HAFFA policy and planning in relation to Members' needs in the future.

Designed by the SME Development Sub-committee, the questionnaire, using the model of SERVQUAL instruments & 9 point likert scale, was sent out to all HAFFA Members individually via email or fax. Eventually, 96 valid questionnaires, representing 28% of response rate (a very encouraging rate!) were received.

Apart from collecting views from the questionnaire, Members who had submitted their written comments were invited to join a focus group meeting so as for HAFFA to collect qualitative views. The meeting was held on 04 September 2008 and many participating Members had responded by sharing their comments/suggestions of how to improve the service of the Association.



*“Focus Group Meeting on 04 September 2008”*

For those who had submitted written comments using the questionnaire but were unavailable to join the focus group meeting, the Secretariat had made individual follow-up phone calls to hopefully discuss the issues with these Members in a constructive manner. We acknowledged that all concerned Members understood / agreed to HAFFA’s stance and the way forward to handle the relevant issues.

Upon endorsement made by the HAFFA Board of Executive Committee, the full report which showcases the survey findings, comments along with HAFFA responses received in the focus group meeting as well as the extract of e-mail correspondences made subsequent to the follow-up phone discussions, was circulated to all Members via News. For the purpose of easy reading, major phrases and salient findings were highlighted in yellow in the report.

Taking this opportunity, we would like to again express our sincere gratitude for Members’ valuable comments and input. Please rest assured that HAFFA will endeavour to provide support to Member of all sizes and always has Members’ best interest in mind. Please don’t hesitate to let us know in future should you have further views for the betterment of HAFFA service.

**(END OF REPORT)**