



The Hong Kong
Shippers'
Council
香港付貨人委員會



Willy Lin
Chairman

A New Year's wish list to bolster local logistics industry

In response to the Financial Secretary's consultation regarding The Budget 2018-19, on behalf of the Council, I gave the following inputs:

- Logistics will have an even more important function in the future economy. It will be further customer-centric, demand-led, applying an omni-channel approach, much more transparent and fully integrated production along with distribution chains will be leading the way. Logistics is given much broader definitions and applications nowadays, which is why logistics is regarded as a critical factor in ensuring economic prosperity, alongside data analytics, artificial intelligence, internet of things, human-machine inter-operations, etc.

Henceforth, the Government should support this profession, and ensure that Hong Kong remains a global centre of this profession. The Hong Kong economy will benefit from this profession as an industry, as well as a knowledge and activity hub. We are already seeing fruitful results from the Asian Logistics & Maritime Conference, an annual signatory event for the logistics and maritime industry jointly organised by the Hong Kong Logistics Development Council and the Hong Kong Trade Development Council.

However, we need to host many more related events, seminars, conferences, as well as personnel exchanges and the like, both in Hong Kong and overseas. The inclusion of Logistics in the Professional Services Advancement Support Scheme ("PASS"), launched in 2016, should be integrated alongside the Government's support. Professions including accounting, legal, building & construction, health, information & communication, etc. have been benefiting from PASS already. With the support of the Hong Kong government, not only will its economy blossom, but the Bay Area, the Belt & Road initiative and many other ASEAN developments.

- The Government must do more in preparing Hong Kong to meet the challenges of the rapid and major transformation of the world economy. I do not wish to repeat myself further, but the "disruptive" tides of digital trade, digitisation of trade, data analytics, artificial intelligence, smart production, etc. cannot be ignored. The essential elements of smart logistics, smart logistics management and smart supply chain management in industry, are commonly referred to as Logistics 4.0 and its leaving its mark on the industry. It is important for the Hong Kong logistics industry to take on all these new technologies and developments.

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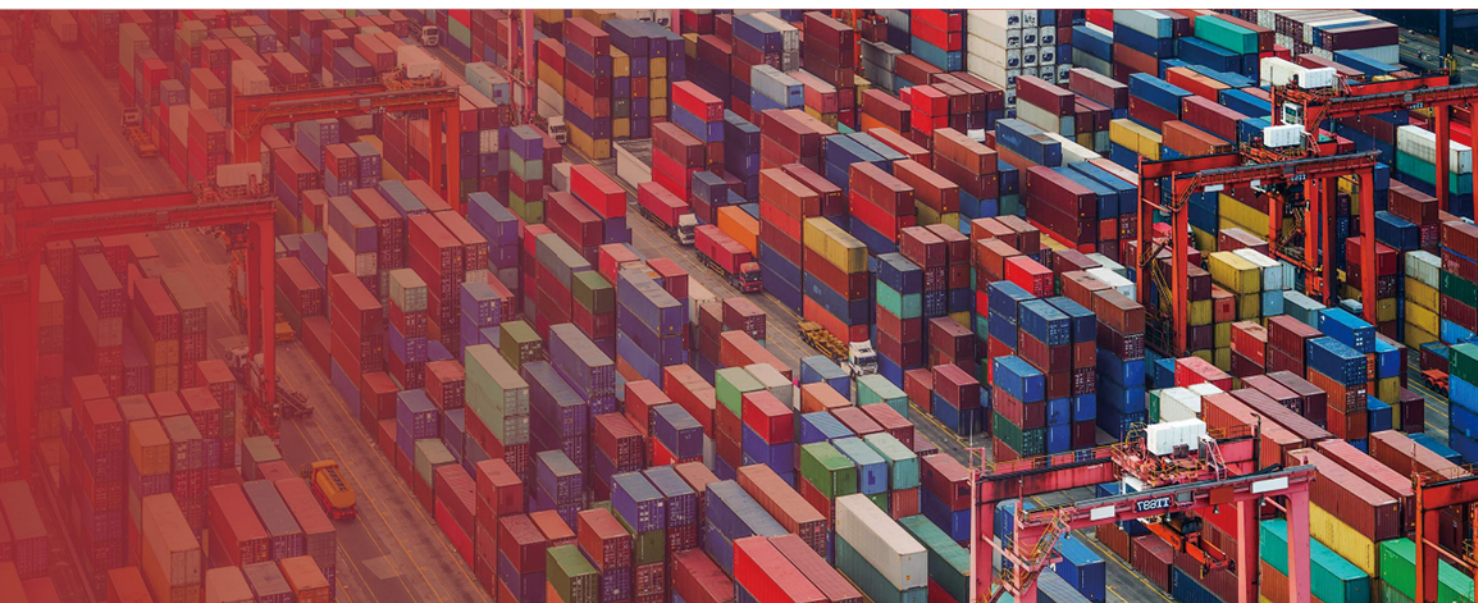
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The SAR Government has an important role to play in the implementation of Logistics 4.0 in Hong Kong. The changes will certainly be widespread, substantial and rapid, yet highly heterogeneous and diversified. It is important for the government to help the industry to identify its priorities and develop a proper strategic roadmap for adoption and implementation.

- I urge the Government to expedite the development of a new air cargo security regime for Hong Kong. The trading and air cargo and trading industries are anxiously awaiting details of the new cargo security regime for Hong Kong that must meet the International Civil Aviation Organisation's requirement of phasing out non-validated known consignors by June 2021. Large scale off-airport scanning facilities will most certainly be needed and will most likely result in the time-consuming process of finding suitable sites, provisions of land, infrastructure developments and construction; there will also be substantial changes in work flow within the industry. The industry requires the Government to expedite its decision on the matter. The industry also looks forward to assistance schemes as compliance is anticipated to be costly.
- Lastly, I urge the government to assist the trade to take advantage

of the Hong Kong-ASEAN Free Trade Agreement, which will be implemented from 2019 at the earliest. To allow Hong Kong companies to take advantage of the agreement, the SAR Government should set up a dedicated portal to disseminate related information and solicit inputs. Besides, the Government should establish special funds to assist trade, especially SMEs on exploration, marketing and promotion in the ASEAN market. The Government should also look into a mechanism that allows cargo between Mainland China and ASEAN countries to be traded and transhipped through Hong Kong. This mechanism should incorporate the core elements of cross-border physical flow of cargo, customs clearance, information

and document flow, trading and payment. As fulfilment of different regulatory requirements are involved, the establishment of such a mechanism cannot be left solely to the private sector.

The outlook of the 2018 world economy is looking noticeably promising as major economies seem to be on the path to steady, though slow recovery. With the can-do, vigilant, and proactive spirit of Hong Kong, we are going to continue to achieve greater success in the future.

To conclude my message on another sunny note, I would like to wish everybody a prosperous and rewarding Year of the Dog!

