



Hong Kong General Chamber of Commerce  
香港總商會 1861

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17 September 2018  
Our Ref: S180903JY

Mr Simon LI Tin-chui, JP  
Director-General of Civil Aviation  
Civil Aviation Department Headquarters  
1 Tung Fai Road  
Hong Kong International Airport  
Lantau, Hong Kong

Dear Mr Li,

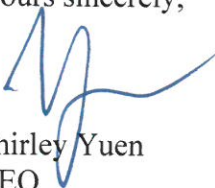
**Proposed Framework of Known Consignor Validation Scheme  
for Hong Kong-based consignors**

1. The Hong Kong General Chamber of Commerce (the Chamber) welcomes the opportunity to comment on the Civil Aviation Department's (CAD) proposed Framework for validating Known Consignors that are based in Hong Kong. Our views on the new Framework are set out below.
2. We appreciate the need to ensure that cargo security schemes are sound and robust and, in that regard, understand the intent behind the International Civil Aviation Organization's introduction of a new policy requirement for observation by all Contracting States. Specifically, the new regime aims to fill an existing gap by requiring locally-based consignors/shippers that are producing goods for export to internalize requisite security measures or subject all of their air cargo to screening.
3. Given that domestic manufacturing in Hong Kong, and as an extension of that our domestic exports, is fairly negligible and accounts for a mere 0.01% of total exports for the whole of last year, a key feature of the proposed security regime - particularly the option of achieving "known consignor" (KC) status - does not strike us as a particularly cost-effective measure for consignors/shippers to implement given the volume and value involved.

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4. In the above connection, it is likely that most, if not all, consignors/shippers in Hong Kong would opt for scanning. We therefore welcome plans for the introduction of a validation scheme in relation to Regulated Air Cargo Screening Facilities (RACSF) that will be open for application in the third or fourth quarter of this year by third-party providers of security screening services for air cargo at off-airport locations. Ensuring that Hong Kong is RACSF-ready should be a matter of priority for the Government given the likely intensity in demand from consignors that are not validated and the amount of non-Hong Kong originated air cargo that will have to be handled, two important considerations that are acknowledged by the CAD in its note to stakeholders on the new cargo security framework. To that end, adequate technical support and assistance by the Government should be made available to the trade so that operators and existing facilities are able to comply with the prescribed standards by the time the new policy comes into force in 2021.
5. As regards the KC framework, the proposed key security requirements appear, to a large degree, to mirror standards and practices in existing schemes such as the US' Customs-Trade Partnership Against Terrorism (C-TPAT) and the World Customs Organization's Authorized Economic Operators (AEO) programme, the last of which is administered by the Customs and Excise Department in Hong Kong. Although both C-TPAT and AEO differ from KC in that the former two are voluntary in nature, we believe that the two schemes in question offer a useful foundation on which consignors could build in achieving compliance with KC. This is especially the case for those that have already obtained accreditation under the two schemes. Given the similarities in requirements across the schemes and to avoid imposing heavy costs on consignors, we suggest that C-TPAT and/or AEO-compliant consignors be regarded as 'validated' KC when this becomes effective. In order to comply fully with KC, these consignors may have to meet with certain requirements that are over and above those given under C-TPAT and AEO. Such requirements notwithstanding, it is likely that these would be less onerous and costly than having to go through the entire process of validation afresh.
6. In the course of finalizing the proposed KC framework, the Government should subject the scheme to a proper and detailed impact assessment so as to identify and pre-empt any excessive administrative and security requirements that would otherwise be harmful to Hong Kong's competitiveness and our standing as the world's premier cargo hub.
7. We look forward to the implementation of an effective validation scheme that is aligned with international obligations but that is also sensitive to the economic circumstances and commercial viability of supply chain operators in Hong Kong.

Yours sincerely,



Shirley Yuen  
CEO