



THE HONG KONG SHIPPERS' COUNCIL

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Circular No. HKSC - 3936

Date : Sep 9, 2021

MEMORANDUM TO : Members of the Hong Kong Shippers' Council

SUBJECT : Policy Address 2021

The Council submitted its inputs regarding Policy Address 2021 this morning, following a verbal presentation at the consultation session on 13 August 2021. A copy of the submission is attached.

Sunny Ho
Executive Director

Encl.



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Ms. Doris Ho
Head, Policy Innovation and Co-ordination Office
Policy Innovation and Co-ordination Office
26/F, West Wing, Central Government Offices
2 Tim Mei Avenue, Tamar
Hong Kong

9 September 2021

Dear Ms. Ho,

Policy Address 2021
Inputs from The Hong Kong Shippers' Council

The Hong Kong Shippers' Council wishes to submit the following inputs:

Short Term Urgency

1. **Expedite the Trade Single Window Project**

The process of digitalization is accelerating. It is necessary to expedite the Trade Single Window project, in order to facilitate easy and efficient connection with the Regional Comprehensive Economic Partnership (RCEP) members, cope with the e-commerce boom and rapidly changing business practices. Hong Kong is lacking behind in this aspect, and the import/export industries together with the Hong Kong maritime/logistic industries have been waiting for years to see this happen.

2. **Resolve the Current Shipping Crisis**

The current shipping industry is chaotic. Shippers facing not only sky-rocketing freight rates, but totally unacceptable deterioration in supply chain predictability and reliability. Bookings are being rejected, containers unavailable, cargo denied for loading onboard, scheduled sailings cancelled suddenly, serious delay in cargo arrival, numerous new and high surcharges, etc. which are making business impossible. The situation is expected to last for another 6 to 9 months and the SAR Government needs to help the trade to get through it. Due to these disruptions, manufacturers are now facing orders cancellation and customers' refusal to take shipment since the most important season of Thanksgiving in the US and Christmas are imminent and could be missed. Manufacturers are facing cash flow crisis. It is essential that ECIC (Export Credit Insurance Corporation) can quickly increase its line of export credit for coverage of pre-shipments immediately. Furthermore, the 100% Loan Guarantee scheme should be extended for another 6 to 12 months.

3. Get More Chartered Flights

Hong Kong needs to be more aggressive in attracting more chartered flights. Hong Kong competitors have succeeded to enhance their market share, and this would impair Hong Kong's competitiveness in the longer run. The 3rd Runway Project will be completed soon, and the Hong Kong airport needs the market share and throughput to fill the added capacity. This is extremely important from now until the first quarter of 2022 when global maritime shipping is in a pretty difficult situation. A lot of US and Europe importers are relying more on air freight to bring Hong Kong produced goods to overseas customers. We need to make it more efficient and convenient to enable both scheduled liners and chartered liners to increase their frequencies in short notice. The whole airport community will benefit!

4. Expanding the Pilot Subsidy Scheme for 3rd Party Services Providers

Since the inception, the fund has received great report from the industry and I believe it is time to expand the scope of this fund to help supporting the whole eco-system of the air/sea/land transport sectors of the Hong Kong vital transport industries. A "one-stop application" funding scheme will enable swift processing and increase use of AI by the secretariat to help improve data transparency and vital user experience. THB can expand the scope and enable brands' back offices to be qualified for applying for this scheme. This will enable brands to upgrade their supply chains.

Long Term Strategy

1. Hong Kong should look into the vulnerability of Hong Kong maritime logistics – Hong Kong practices laissez faire policy and all of the Hong Kong Ports are privately owned. However, in view of the last 18 months maritime logistic nightmare, the Hong Kong SAR Government should be equipped to acquire more data on daily situations of the ports through Digitalization + Knowledge + Automation and the ability to let the import/export sectors fully aware of the situations and the problems due to congestion, epidemic in Hong Kong and across the border etc. Hong Kong Shippers Council is aware that the Hong Kong container terminal operators are seeking support from the Hong Kong Government, and we agree that a modern and efficient Port Single Window platform enabling document exchange, transparency in data of container movement, etc. will bring benefits and cost savings to import/export trades and consumers in Hong Kong.
2. CE, we all know that the SAR Government under your leadership plows in billions and billions of dollars to support technology in Hong Kong. AI + Robotics applications are thriving in all industries. Autonomous driving and greater use of electric vehicles are the norm for the future. While we will see use of such on limited scale at the Hong Kong airport, they are unlikely be used in the container yards. Hong Kong Shippers Council believes these technologies are mature now. It is needed to start now and encourage the ports handling communities to aggressively work with the relative authorities and utilize the technologies to enable the Hong Kong ports to be competitive and thrive.



3. Big Data – Hong Kong Government is the biggest financial provider to Hong Kong Smart City blueprint, and it is vital that data in the port and airport community be made available to relative authorities so to allow quick and decisive decisions. At the same time, the data should be made available to the public, and so all stakeholders could work together to enhance our Smart City blueprint.

Yours faithfully,



Willy Lin
Chairman

