

HK has what it takes to survive and thrive

Hong Kong can look forward to the future as a major transshipment hub by overcoming its immediate problems and cashing in on its natural advantages.

Delays to the building of a third runway at Hong Kong airport and growing competition from nearby airports pose a threat, but Hong Kong's intrinsic competitive edge will see it survive and thrive, according to Vivien Lau, Managing Director of Hong Kong Air Cargo Industry Services Ltd. (Hacis).

Hacis' main activities are express airfreight road feeder services to and from its six IATA-designated cargo depots situated throughout Southern China's major industrial region; local airfreight collection and delivery services throughout Hong Kong; and added value services at its Chek Lap Kok base, such as pallet building and breakdown; packing and labelling; and provision of customer reception facilities.

Lau is well-placed to comment on the marketplace, having led Hacis' development and expansion since her appointment in October 2012. She said: "From my perspective, there are two major threats to Hong Kong's role as a transshipment hub.



Firstly, the delay of the third runway means Hong Kong airport will be saturated for a few years and it could force air cargo to take alternative routes. Secondly, there's growing competition with nearby airports."

On the positive side, Hong Kong has distinct advantages. "Hong Kong not only has a geographic advantage as a gateway between China and the global markets, but also comprehensive logistics support, including world-class air cargo terminals and experienced logistics experts, which make it a competitive transshipment hub," said Lau. "With continual investment in infrastructure, service networks, and skilled labour, I believe Hong Kong will continue to thrive as a major transshipment centre

where shippers and freight forwarders can enjoy maximum transit efficiency and hence bring more business value to their customers.

"Apart from the intrinsic competitive edge, there is also trade facilitation scheme transshipment cargo, such as Economic Co-operation Framework Agreement (ECFA) cross-straits consignments, which allows Mainland/Taiwan shippers to enjoy the same import tariff reduction for their cargo routing via Hong Kong as direct consignments, making Hong Kong an attractive transshipment hub. Hacis has also introduced an ECFA facilitation service to obtain Hong Kong Customs' endorsement on behalf of Mainland/Taiwan shippers upon cargo arrival at Hong Kong."

Looking ahead, Lau said enhancing the logistics connectivity between China and Hong Kong airport has always been Hacis' top priority. "We set our strategic plan by foreseeing the market development. We always provide flexible solutions to meet with dynamic market environment," she said.

"Apart from enhancing our service capability, Hacis is also building a network for inter-modal transportation. The service is not restricted to air-land, it can be extended to air-sea routes from Hong Kong to China. We have been partnering with Marine Cargo Terminal to provide air-sea services to some ports in Southern China, including Zhuhai, Foshan, Zhongshan, and the Nansha area. This helps to extend our coverage to the Western Pearl River Delta," added Lau.

Asked if there is a growing demand for Hong Kong as a connector serving mostly Mainland China, Lau said: "Although there are more ports and routes available nowadays for shippers to transport goods directly between China and the world, demand for connectivity service between Hong Kong and China still exists, largely because Hong Kong has an advantageous

position, both geographically and economically, as a free hub; and also support from governments on cross border trucking including the introduction of the Intermodal Transshipment Facilitation Scheme (ITFS) in Hong Kong and the Quick Pass Mode in China, allowing non-stop transportation across the borders for more efficient delivery.

"Although China's international air connections are on an increase, the capacity may not be able to cater for the growing demand. Because of the enhanced efficiencies in cross border trucking and simplified Customs procedures, Hong Kong becomes an important transit point where the cargo can be transited efficiently to China. In the 'time-means-money' industry, maximised transit efficiency means providing value for money."

Lau does not see the fact that

many Mainland cities in the south are overtaking Hong Kong as cargo and logistics hubs as a cause for concern. On the contrary, she sees it as an opportunity.

"The growing China cities have their unique strengths, advantages, and logistics connections," she said. "Instead of viewing them as a threat, I would see them as potential partners in expanding Hong Kong's service network. In fact, logistics is one of the key pillars for Hong Kong and the government is supportive of cargo and logistics development in Hong Kong. New infrastructure like the Hong Kong-Zhuhai-Macau bridge will bring benefits to the logistics sector as it will shorten the connection time between Hong Kong airport and warehouses in downtown Hong Kong or the Western Pearl River Delta. It diversifies our sole reliance on Shenzhen as the only link to Mainland China."

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