Frequently Asked Questions on the New Regulated Agent Regime’s Requirements Applicable from 15 July 2013

Q: What are the new requirements of the Regulated Agent Regime applicable from 15 July 2013?

A: To ensure adherence to the new air cargo security standards promulgated by the International Civil Aviation Organization (ICAO) applicable from 15 July 2013, enhancement to the air cargo security Regulated Agent Regime being implemented in Hong Kong will be required. The adherence to the new ICAO air cargo security standards will necessitate, inter alia, the extension of the application of the Regulated Agent Regime to cargo carried on all-cargo aircraft. Details can be found in the following webpage:

http://www.cad.gov.hk/english/newrar.html (English)

Q: What are the major changes to the Regulated Agent Regime after 15 July 2013?

A: After consultation with the air cargo industry representative bodies including the Hong Kong Shippers’ Council (HKSC), Hongkong Association of Freight Forwarding and Logistics Limited (HAFFA) and Carrier Liaison Group (CLG), the Requirement Document for Consignor has been developed to further strengthen the supply chain security process by regularizing the aviation security requirements to be complied with by consignors. In addition, the Regulated Agent Security Programme, which forms part of the Application for Registration as Regulated Agent and lays down details of cargo operations of each regulated agent for compliance with the Regulated Agent Regime, has also been enhanced.

Major changes include the extension of the application of the Regulated Agent Regime to cargo carried on all-cargo aircraft, the introduction of account consignor, and the enhancement to security controls of transfer cargo.

Q: What should the relevant entities operating within the air cargo supply chain do in order to adhere to the new requirements of the Regulated Agent Regime?

A: The relevant entities are urged to duly complete and submit the applicable documents before 15 July 2013. For details, please refer to Page 77 and 78 of the Presentation Slides of the Information Sessions held in March and April 2013. Please visit the following webpage for the Presentation Slides, other relevant information and documentation on the enhancement of the Regulated Agent Regime:

http://www.cad.gov.hk/english/newrar.html (English)

Q: How will the air cargo security regime in Hong Kong develop in future?

A: As a continuous improvement process to further enhance the security integrity of the air cargo supply chain, the Civil Aviation Department will continue to communicate with the relevant stakeholders in the air cargo community to introduce additional air cargo security measures as appropriate in the Requirement Document for Consignor and the Regulated Agent Security Programme. The concept of independent validation for known consignors may be one of the focus areas. Some of the documents (e.g. Requirement Document for Consignor and Known Consignor Declaration of Compliance) have already been designed with this concept in mind.
Q: Are the new requirements of the Regulated Agent Regime applicable to all staff members of a regulated agent, a known consignor or an account consignor?
A: No. The new requirements are applicable only to the staff members with access to consignment designated as air cargo and/or related shipping documents.

Q: What if a regulated agent does not receive cargo consignment from a known consignor or an account consignor?
A: After 15 July 2013, consignment received from an unknown consignor (i.e. neither a known consignor nor an account consignor) cannot be accepted for carriage onboard passenger aircraft or all-cargo aircraft unless such consignment has been subject to appropriate security controls acceptable to the Civil Aviation Department.

Q: What are the processes involved when a regulated agent recognizes a known consignor / an account consignor?
A: Once a consignor has committed itself to the compliance with the requirements by submitting a completed Known Consignor Declaration of Compliance to its partnering regulated agent who receives cargo consignment from the consignor and the partnering regulated agent has verified the identity of the consignor (e.g. check of business registration document), the consignor will be recognized as a known consignor. It is not a mandatory requirement for a regulated agent to retain a copy of its known consignor’s business registration document.

The same processes shall be adopted by a regulated agent in recognizing an account consignor, except that a completed Account Consignor Declaration of Compliance shall be submitted.

Remark:
From 15 July 2013, the relevant entities operating within the air cargo supply chain, which wish to continue to enjoy the facilitation offered by the Regulated Agent Regime, are required to complete and submit the applicable documents. A consignor is required to submit a completed Known Consignor Declaration of Compliance / Account Consignor Declaration of Compliance to its partnering regulated agent or its partnering aircraft operator (airline), either in respect of the address of each of the sites which originate consignment of air cargo, or with an appendix listing the addresses of all the sites.

Q: Does a regulated agent need to design and produce its own Known Consignor Declaration of Compliance / Account Consignor Declaration of Compliance (e.g. company’s logo printed at letterhead)?
A: It is not a mandatory requirement for a regulated agent to design and produce its own Known Consignor Declaration of Compliance / Account Consignor Declaration of Compliance. A regulated agent may make use of the two standard templates of the Declaration of Compliance provided by the Civil Aviation Department at the following webpage:

http://www.cad.gov.hk/english/newrar.html  (English)

If however a regulated agent wishes to meet its own business needs, it may design and produce its own templates of the Declaration of Compliance, provided that the original contents and wordings contained in the Declaration templates provided by the Civil Aviation Department are not altered.
Frequently Asked Questions on the New Regulated Agent Regime’s Requirements
Applicable from 15 July 2013

Q: Will the existing regulated agent (RA) training certificates issued by the Cargo Security Training (Regulated Agent Regime) Course Organizers and the existing RA Revalidation Test results still be valid after 15 July 2013?

A: Yes. All the existing RA training certificates and RA Revalidation Test results will still be valid after 15 July 2013 until their expiry.

Q: How can the requirement regarding the random x-ray screening of known cargo be adhered to after 15 July 2013?

A: According to Section 11 of the new Regulated Agent Security Programme (Part II of the Application for Registration as Regulated Agent), a regulated agent shall arrange to conduct random x-ray screening, preferably on a monthly basis, of a minimum of 1% (in weight) of the known cargo consignments, which have been recorded on valid Master Air Waybills with flight numbers assigned for carriage onboard passenger aircraft and all-cargo aircraft.

The above requirement on random x-ray screening applies to the known cargo consignments regardless of whether the known cargo consignments are carried on passenger aircraft or all-cargo aircraft. However, the regulated agents are encouraged to arrange for random x-ray screening to be conducted, if possible, on a minimum of 1% (in weight) of the known cargo consignments carried on passenger aircraft and a minimum of 1% (in weight) of the known cargo consignments carried on all-cargo aircraft respectively.

Q: What are the differences between a known consignor and an account consignor?

A: The main differences are as follows:
(a) A known consignor’s cargo consignment can be accepted for carriage onboard both passenger aircraft and all-cargo aircraft, while an account consignor’s cargo consignment can be accepted for carriage onboard all-cargo aircraft only.
(b) The Known Consignor Declaration of Compliance shall be renewed every 3 years, while the Account Consignor Declaration of Compliance shall be renewed every 5 years.

Q: What are the processes involved when an aircraft operator (airline) recognizes a known consignor / an account consignor?

A: The same processes, which are adopted by a regulated agent in recognizing a known consignor or an account consignor, will be applicable. Either a completed Known Consignor Declaration of Compliance or a completed Account Consignor Declaration of Compliance shall be submitted, depending on the type of the consignor to be recognized by the aircraft operator (airline).

Remark:
From 15 July 2013, the relevant entities operating within the air cargo supply chain, which wish to continue to enjoy the facilitation offered by the Regulated Agent Regime, are required to complete and submit the applicable documents. A consignor is required to submit a completed Known Consignor Declaration of Compliance / Account Consignor Declaration of Compliance to its partnering regulated agent or its partnering aircraft operator (airline), either in respect of the address of each of the sites which originate consignment of air cargo, or with an appendix listing the addresses of all the sites.
Frequently Asked Questions on the New Regulated Agent Regime's Requirements
Applicable from 15 July 2013

Q: Is it acceptable for a known consignor with multiple sites within and/or outside Hong Kong (where items, products, goods or consignments designated as air cargo are prepared, packaged and/or stored) to submit one completed Known Consignor Aviation Security Declaration (before 15 July 2013) or one completed Known Consignor Declaration of Compliance (from 15 July 2013) on behalf of all the sites which originate consignment of air cargo?

A: The arrangement to be adopted from 15 July 2013 is no different from that adopted before 15 July 2013. The general principle is that known consignor is site-specific. If a site address is different from the company address of the known consignor, the known consignor shall provide the site address in the Known Consignor Aviation Security Declaration (before 15 July 2013) or the Known Consignor Declaration of Compliance (from 15 July 2013). The known consignor may consider submitting one completed Known Consignor Aviation Security Declaration (before 15 July 2013) or Known Consignor Declaration of Compliance (from 15 July 2013) for all such sites and use an appendix to list the addresses of all such sites (each with a unique known consignor code). The same principle applies to an account consignor (from 15 July 2013).

For example, a known consignor with three sites within and/or outside Hong Kong (where items, products, goods or consignments designated as air cargo are prepared, packaged and/or stored) is required to provide three Known Consignor Aviation Security Declarations (before 15 July 2013) or three Known Consignor Declarations of Compliance (from 15 July 2013) (each with a unique known consignor code). Alternatively, the known consignor may consider submitting one completed Known Consignor Aviation Security Declaration (before 15 July 2013) or Known Consignor Declaration of Compliance (from 15 July 2013) for all such three sites and use an appendix to list the addresses of all such three sites (each with a unique known consignor code).

Remark:
(1) Generally speaking, the aforesaid site address should be the address as appeared on the related shipping documents such as Shipper's Letter of Instructions, House Air Waybill etc.

(2) The Known Consignor Declaration of Compliance / Account Consignor Declaration of Compliance (including the appendix to be attached as appropriate) shall be signed by the person responsible for application and supervision of the implementation of cargo security. In the absence of this person, the appendix may be signed for and on behalf of this person by a staff member authorized by the consignor. But it shall be clearly indicated in the appendix that the appendix is so signed.

(3) From 15 July 2013, the relevant entities operating within the air cargo supply chain, which wish to continue to enjoy the facilitation offered by the Regulated Agent Regime, are required to complete and submit the applicable documents. A consignor is required to submit a completed Known Consignor Declaration of Compliance / Account Consignor Declaration of Compliance to its partnering regulated agent or its partnering aircraft operator (airline), either in respect of the address of each of the sites which originate consignment of air cargo, or with an appendix listing the addresses of all the sites.

Q: Apart from searching by hand / physical check at piece level or screening by x-ray, can any other security control(s) be applied to clear UNK cargo or SCO cargo prior to acceptance as SPX cargo?

A: The details of any alternative security control(s) to clear UNK cargo or SCO cargo shall be provided for consideration by the Civil Aviation Department. For example, for a regulated agent, any alternative means to satisfy the requirements set out in the Regulated Agent Security Programme, which forms part of the Application for Registration as Regulated Agent, shall be provided / explained in separate sheets for consideration by the Civil Aviation Department.
**Frequently Asked Questions on the New Regulated Agent Regime's Requirements**

**Applicable from 15 July 2013**

**Q:** How is a consignor recognized as a known consignor or an account consignor if the consignor is not required to be registered under the Business Registration Ordinance?

**A:** The Business Registration Ordinance requires every person who carries on a business in Hong Kong to apply for business registration. When a consignor carrying on a business in Hong Kong and wishing to be recognized as a known consignor and/or an account consignor is not required to be registered under the Business Registration Ordinance, the consignor shall fill in "N/A" in the field "number of business registration document issued by the government of the country with which the consignor company is registered" in the Known Consignor Declaration of Compliance and/or the Account Consignor Declaration of Compliance.

**Q:** How does a regulated agent verify whether the consignment of air cargo had been originated from a site as appeared on the related shipping documents?

**A:** The arrangement to be adopted from 15 July 2013 is no different from that adopted before 15 July 2013. If the regulated agent who receives consignment of air cargo is satisfied that the site of its recognized known consignor or its recognized account consignor as appeared on the related shipping documents had already been allocated a unique known consignor code or account consignor code by the regulated agent and that the consignment of air cargo matches the information contained in the shipping documents with no signs of tampering, verification of whether the consignment of air cargo was originated from that site is not a must.

**Q:** Is it acceptable for a regulated agent to design its own known consignor code system or account consignor code system to meet its own business needs (e.g. for the purpose of allocating multiple codes to a certain site of a recognized known consignor)?

**A:** The arrangement to be adopted from 15 July 2013 is no different from that adopted before 15 July 2013. If a regulated agent wishes to meet its own business needs, it may design its own known consignor code system or account consignor code system provided that such code is site-specific and unique.
Q: How is the performance of a contractor of a known consignor or an account consignor verified?

A: The arrangement to be adopted from 15 July 2013 is no different from that adopted before 15 July 2013. Through the duly signed Known Consignor Aviation Security Declaration (before 15 July 2013), Known Consignor Declaration of Compliance (from 15 July 2013) or Account Consignor Declaration of Compliance (from 15 July 2013), a consignor has committed itself to the compliance with the applicable aviation security requirements (e.g. consignments of air cargo are prepared by reliable staff members).

After consultation with the air cargo industry representative bodies in the first quarter of 2013, the Requirement Document for Consignor (March 2013) has been developed and at this moment does not mandate a warehouse contractor or a transportation contractor of a known consignor or an account consignor to complete a Warehouse Contractor Declaration or a Transportation Contractor Declaration. However, as a continuous improvement process to further enhance the security integrity of the air cargo supply chain, the Civil Aviation Department will continue to communicate with the relevant stakeholders in the air cargo community to introduce additional air cargo security measures as appropriate in the Requirement Document for Consignor.

At this moment where there is not any suspicion about the security integrity of the air cargo supply chain, verification of the performance of a contractor of a known consignor or an account consignor with reference to the Requirement Document for Consignor is not a must.

Q: When cargo consignment is co-loaded between two regulated agents, with which regulated agent a warehouse contractor shall sign a Warehouse Contractor Declaration?

A: The arrangement to be adopted from 15 July 2013 is no different from that adopted before 15 July 2013. After receiving cargo consignment from a tendering regulated agent, the receiving regulated agent may arrange for cargo consignment to be stored in its warehouse contractor’s premises. Under the circumstances, the warehouse contractor is a contractor of the receiving regulated agent, rather than the tendering regulated agent. Therefore, the warehouse contractor shall have signed a Warehouse Contractor Declaration with the receiving regulated agent, but not the tendering regulated agent.