

## **Howard Lee: Opening remarks - Project CargoX expert panel kick-off meeting**

Opening remarks by Mr Howard Lee, Deputy Chief Executive of the Hong Kong Monetary Authority, at the Project Cargo<sup>X</sup> Expert Panel Kick-off Meeting, Hong Kong, 28 April 2025.

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Good morning, distinguished guests and Expert Panel Members.

On behalf of the Hong Kong Monetary Authority (HKMA), I would like to extend a very warm welcome to you all. We are excited to have you join us today to launch Project Cargo<sup>X</sup> and share your valuable expertise.

Let me start by thanking you for dedicating your time, insights and energy to this important initiative. Cargo<sup>X</sup> unites us with a bold vision: to build a more inclusive and efficient digital ecosystem for trade finance, powered by cargo data insights and our CDI data infrastructure.

This vision is critical in today's evolving global landscape, where trade conflicts and disrupted supply chains are reshaping established trade patterns. Many businesses, SME traders in particular, stand to benefit immensely from a more digitalised and streamlined trade finance ecosystem as they transform their business model and supply chains.

SMEs' access to trade finance has long been hindered by different processing pain points. For instance, the heavy reliance on paper-based documents has led to inefficiencies and difficulty in tracking and verifying the transactions. With light balance sheets, many SMEs also struggle to provide the collateral required by banks to secure loans. Furthermore, issues like duplicate financing have heightened the risk of default and fraud.

Through Cargo<sup>X</sup>, we aim to address these challenges in a few ways. First, leverage cargo data to streamline trade finance processes for banks; second, develop digital solutions to enhance SMEs' access to trade finance, in collaboration with key partners such as the Transport and Logistics Bureau and Airport Authority Hong Kong; and third, explore connections between CDI and international data partners to support innovative trade financing use cases.

Trade finance is inherently a complex process. For example, the export of collectible figures from Hong Kong already involves multiple parties, including the importer, freight forwarder, shipping line, port operator, insurance company, banks and customs authorities.

Given the intricate flow of goods, services, trade loans and payments, numerous documents, such as invoices, bills of lading, insurance certificates, letters of credit and customs declarations, are required to facilitate the trade.

To navigate this complexity, it is crucial to leverage industry expertise to gain a holistic understanding of the trade finance landscape, pinpoint areas for improvement, and identify processes for further digitalisation, particularly through cargo data. We are therefore very pleased to establish the Cargo<sup>x</sup>Expert Panel, comprising representatives from the trading and trade finance industry.

The Expert Panel will serve as a vital platform for public-private collaboration, fostering dialogue to develop a roadmap and recommendations for a more robust digital trade finance ecosystem. Your insights will be instrumental in driving this transformation.

We look forward to charting the future of digital trade finance together with the Expert Panel members through Cargo<sup>x</sup>. Our concerted efforts will help overcome traditional barriers and empower SMEs with faster, and more accessible financial services.

Thank you.