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## NAPTHINE SCRAPS CONTROVERSIAL FREIGHT CHARGE

A proposed Freight Infrastructure Charge (FIC) to be imposed on trucks entering the Port of Melbourne has been scrapped. First mooted by the previous Labour Government in Victoria, the controversial FIC was opposed by transport lobby groups who argued it would be a regulatory nightmare. Ports Minister, Denis Napthine, said the so-called 'truck tax' would be replaced with a licence levy applied to the Port of Melbourne Corporation. "We will apply a simpler system, with a much lower cost, by applying a licence fee to the PoMC that the corporation will then be able to recover through its normal system of fees and charges that industry are aware of and work with every day," Dr Napthine said. Transport lobby groups have already given the plan qualified support.

## ICAO AND WCO MOU TO SPEED AIR FREIGHT

The International Civil Aviation Organisation (ICAO) and the World Customs Organization (WCO) have signed a Memorandum of Understanding on increased co-operation to protect air cargo from acts of terrorism or other criminal activity and to speed up the movement of goods by air worldwide. More than 40 per cent of freight by value travels by air every year. Co-operation between ICAO and the WCO will focus on aligning the regulatory framework of both organisations. Given the volume of goods transported by air and the impracticality of screening all cargo, a risk-based approach is considered necessary. WCO and ICAO staff will explore the application of risk management to cargo for identifying threats and implementing required security measures, including vetting of advance cargo information. On 1 July, more stringent ICAO standards concerning air cargo came into force, including a new requirement for Member States to establish a supply chain security process.

## RECORD CONTAINER SHIP CAPACITY GROWTH FORECAST

Container ship operators are scheduled to take a record amount of new capacity in 2012, with deliveries set to expand capacity some 9.5 percent over available space this year, according to Braemar Seascope's latest Containership Fleet Statistics. The report said carriers are scheduled to receive 1.55 million 20-foot-equivalent units, increasing available capacity to 16.8 million TEUs. That will beat the previous record of growth of 1.52 million TEUs set during 2007 and comes as carriers are seeing soft pricing across several trade lanes amid weakening demand. Braemar is forecasting huge additions to the fleet in the ultra-large sector, which will raise the threat of overcapacity on the Asia-Europe trade lane, where overcapacity has been eroding rates since last winter. Of the 230 ships due for delivery next year, 59 have a nominal container capacity of 10,000 TEUs or more, which will introduce an additional 0.8 million TEUs into this segment. The growth of containerships fleets in the size bracket of 10,000 TEUs or more is already expected to reach 70 percent year-over-year in 2011, and will grow by an additional 57 percent in 2012. For vessels up to and

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(Continued from Page 1) including 5,100 TEU capacity, it is a very different story. The lower level of investment in new building projects is apparent as growth is expected to reach only 2.9 percent this year before hitting 3 percent in 2012. Since January 2010, owners have ordered 1.7 million TEUs of capacity on boxships with a capacity of 5,100 TEUs or more compared with 0.4 million TEUs of smaller ships below 5,100 TEUs. Containerships of 10,000 TEU or more comprise 49 percent of the global orderbook by capacity. By contrast, containerships of up to 5,100 TEUs represent only 20 percent of the global orderbook.

## BOX LINE CONSOLIDATION AT RECORD HIGH

The big get bigger - consolidation in the liner shipping industry has reached its highest point since the birth of containerisation, according to new analysis. Research from French consultancy, Alphaliner, recently showed that the 20 largest carriers in global container shipping now control about 84% of the market, compared to 2000, when they had a combined share of just under 70%. There was a particularly sharp increase in consolidation in 2005 and 2006, when A.P. Moller-Maersk bought P&O Nedlloyd and Hapag-Lloyd acquired CP Ships. While the market share of the top 20 carriers declined marginally during 2009, the consolidation trend resumed since the recession as the top 20 carriers began taking delivery of a series of mega-sized container vessels and activated laid-up ships. Over the last year, the industry overall added 9% capacity, while the top 20 carriers added a combined 12% capacity, and each increased its fleet capacity except for APL, which saw a 1% reduction. Chinese shipping line, Cosco, grew the most last year. It increased its capacity by 21% over the last 12 months. “Despite the increased dominance of the larger carriers, the industry remains highly competitive,” Alphaliner said.

## SHANGHAI BOX VOLUMES FALL 5% IN JUNE

Data has confirmed anecdotal evidence from shipping companies and port operators in Asia that June’s box volume figures in Shanghai were softer than expected. Shanghai port handled 2.62m TEU of containers in June, down 5% from May’s 2.76m TEU. On a year-on-year basis, Shanghai saw volumes increase in the month by 200,000 TEU, or 7.8%, according to data from the Shanghai International Port Group. In the period January to June, Shanghai handled a total of 15.3m TEU, up 10.5% from the same period last year when SIPG-operated ports recorded volumes totalling 13.8m TEU. Last year Shanghai handled 29.1m TEU, displacing Singapore off the top spot to become the world’s busiest port. Singapore is due to release its June figures as we go to print. Shipping companies have been expressing concern of late that container shipping volumes ex-China have been lower than might otherwise be expected – especially as the transpacific trades enter the peak season. “We have definitely seen a dip in June (volumes),” Maersk Line South China head, Soren Karas, told Lloyd’s List recently.

## MOODY’S SEES NEGATIVE SHIPPING OUTLOOK

Moody’s Investors Service have set a negative outlook for the shipping industry over the next 12 to 18 months, saying the business from container carriers to bulk operators is facing overcapacity. Supply and demand is better balanced in the container segment although still fragile, said Moody’s. Although major container carrier’s reported acceptable financial results in the first quarter of 2011, Moody’s expects earnings to weaken because of softening demand and growing overcapacity as more vessels are delivered. Moody’s said the supply chain disruptions caused by the earthquake and tsunami in Japan in March will be short-lived and volume will recover to pre-earthquake levels in the fourth quarter

## TIME TO INVEST IN ECONOMIC TIES WITH CHINA

Australia urgently needs to revamp its dealings with its largest trading partner and finalise a new economic agreement with China, says a leading expert from The Australian National University. Speaking at the annual ANU China Update, Professor Peter Drysdale, head of the ANU East Asia Bureau of Economic Research and the architect of APEC, said that current arrangements for managing the Australia-China economic relationship are inadequate. “Both Australia and China need to work on building stronger institutional structures for what has become Australia’s largest economic relationship,” said Professor Drysdale. “Projections to 2020, which in trade terms is just around the corner, will see the economic relationship with China become Australia’s most comprehensive ever. For China, its economic ties to Australia are hugely important for its own economic security. The two countries’ relationship is also a key anchor in Asian security. “But Australia and China need to work together better in order to get the relationship right, or else they risk damaging its current and future benefits and broader economic and political interests. “There needs to be a new comprehensive economic agreement between Australia and China, which underpins both countries deep economic and political interests across existing strategic resource and energy ties."Twenty-five per cent of Australia's exports go to China and 19 per cent of Australia's imports come from there," he said. "These trade figures will only get bigger in the future. "Also, over the past five years Australia was the largest source of Chinese foreign direct investment (FDI) except for Hong Kong. This investment was worth US $34 billion and is now naturally extending from resources to land and commercial investments. China is also Australia's largest source of overseas students and tourism expenditure. "For China, Australia is already the largest supplier of strategic raw materials from overseas and a key economic partner globally," he said.

## CONTAINER TRADE THROUGH PORT BOTANY ON TRACK TO HIT 2 MILLION TEU

Container trade through Port Botany grew by 6.1 per cent in May 2011 compared with the same month last year, Sydney Ports Chief Executive Officer, Grant Gilfillan, announced recently. "For the month of May 2011, total container volume through Port Botany was over 161,750 TEU - with the port handling an average of 5,200 TEU per day," Mr Gilfillan said.

Port Botany was on track to register its tenth consecutive annual growth record. "Total container trade through Port Botany reached 1.855 million TEU for the 11 months from 1 July, 2010 to 31 May, 2011, representing an increase of 5.7 per cent on the same period last year. "These figures also confirm that on an annualised basis, Port Botany's container trade volumes will hit the 2 million TEU mark for the first time ever," Mr Gilfillan said. Full containerised exports reached 36,720 TEU, in May 2011 similar to the record levels experienced in May last year. The primary drivers of growth in full containerised exports for May 2011 were Chemicals which includes plastic materials and resins and Machinery and Transport Equipment which includes electrical and non electrical machinery such as generators.

## TRUCK MARSHALLING LOCATION ANNOUNCED

Sydney Ports has reached an important step in its three year plan to improve the efficiency and effectiveness of the Port Botany landside interface. Sydney Ports' Port Botany Landside Improvement Strategy (PBLIS) programme continues to work with the road, rail and supply chain industry to implement the NSW Government's response to the Independent Pricing and Regulatory Tribunal's (IPART's) Report of March 2008. On 28 February, 2011 Sydney Ports went live with the PBLIS Operational Performance Measures, when reciprocal financial performance penalties for stevedores and truck carriers were switched on. One of the performance measures, "Early Arrivals" has yet to be implemented due to the expected development of a Truck Marshalling Area (TMA). One of the recommendations of the NSW Government's response to IPART was the establishment of a Truck Marshalling Area within the Port Botany precinct to assist with the management of heavy vehicle access into the stevedore terminals.

The TMA is also a key component of the PBLIS Operational Performance Management framework and will assist in improving the efficiency and consistency of vehicle movements through the landside interface at Port Botany. The TMA is designed to provide the landside supply chain with the following benefits:

- Provision of a safe and secure area for early arriving trucks to be staged before they are serviced by the stevedores.
- Improved flow of traffic in and around the Port precinct.
- Physical reinforcement of operational management principles, such as early arriving vehicles not impeding, at the terminal entry points, vehicles that have arrived on time.

The TMA will accommodate the marshalling of up to 50 trucks, subject to planning approval being granted. This site will feature:

- Male and Female Toilet facilities
- Hot and Cold water
- Shade
- Table and chairs
- 24/7 access

## IATA DATA REVEALS MIXED NEWS FOR AIRFREIGHT

Research from the International Air Transport Association (IATA) indicates that airfreight volumes increased slightly in May, although numbers were significantly lower than 2010 averages. To IATA, this trend speaks volumes about the current state of the global economy. Citing the widespread political unrest in the Middle East and the European currency crisis, IATA Director General Emeritus Giovanni Bisignani called the aviation industry "very fragile".

Nevertheless, he said that May numbers showed some promise. More specifically, he explained that "freight volumes improved by 1.2 percent over April and passenger volumes were up by 1.8 percent. These will help to alleviate some of the pressure on profits from continued high fuel prices." Still, cargo tonnage couldn't compete with May 2010 numbers. Dropping 4 percent from last year, airfreight growth was 3.5 percent lower than IATA's projection of 5.5 percent. In fact, IATA said, "while the continued expansion of world trade at around 6 percent annually could lend support to accelerated freight growth in the second half of 2011, the performance so far this year has been lower than expected." Of all regions, Asia-Pacific carriers posted the biggest losses in May, falling 9.2 percent from May 2010 tonnage. IATA indicated that this is largely attributable to the earthquake and tsunami in Japan, which occurred only two months prior to the month in question, and more stringent economic policies in China. European and North American carriers fared the best, however, reporting losses of 2.2 percent and 1.4 percent, respectively.

## LEGISLATION TO HELP IMPROVE AUSTRALIA'S ANTI-DUMPING SYSTEM

The Minister for Home Affairs Brendan O'Connor has introduced legislation to Parliament to kick off the first stage of the Government's improvements to the anti-dumping system. "A fortnight ago, we announced a package of 29 improvements to Australia's anti-dumping system that are aimed at creating a modern, balanced and effective system," Mr O'Connor said. Dumping occurs where a company exports its goods to Australia at a price below the price it charges in its home market or below cost. Where that dumping materially injures an Australian business producing similar goods, additional Customs duties can be applied as a remedy. The Customs Amendment (Anti-dumping Improvements) Bill 2011 will:

- accelerate the anti-dumping system through the imposition of a 30 day time-limit on Ministerial decision-making
- improve decision-making by clarifying factors that may indicate material injury to an Australian industry
- ensure that Australia's anti-dumping system is comparable to those of other jurisdictions by allowing Australian businesses to take action against the full range of subsidies in accordance with WTO agreements
- expressly give all relevant parties with an interest in anti-dumping matters an opportunity to participate during an anti-dumping investigation.

"Some of the remaining changes can be enacted without legislation, while others will require further consultation and the development of more technical legislation," Mr O'Connor said. "We will be implementing each of the changes as quickly as practically possible."

## AUSTRALIA-CHINA TRADE HIT $100BN FOR FIRST TIME

Trade between Australia and China has set a new benchmark, topping $100bn for the first time in the 2010 calendar year. According to the Department of Foreign Affairs and Trade, trade between the two nations rose 23.6% compared with 2009, with Australian exports worth about $58.4bn and imports from China worth about $39.26bn. Trade in services helped the trade values between the nations exceed the $100bn mark, according to a DFAT spokesperson.Iron ore was overwhelmingly the largest Australian export, worth a whopping ($34.68bn), followed by coal at ($5.19bn) and "confidential items of trade" worth ($3.7bn). The value of items imported from China was more evenly spread. They included computers ($3.96bn), telecommunication items ($3.85bn), prams and toys ($1.87bn), furniture ($1.605bn) and clothing ($1.45bn). Other items to be in demand included chemicals ($1.2bn) and machinery & transport equipment ($1.01bn). Trade with all nations in 2010 showed Australian export volumes had increased 5.2% while import volumes were up 13.5%. Japan was Australia's second largest trading partner ($66.1bn), followed by the USA with ($49.8bn). Japan was also Australia's second-largest export market ($45.7bn) followed by South Korea ($22.4bn). The top three imports for Australia were travel services (20.3bn), crude petroleum ($16.2bn) and cars $15.9bn.