NIPPON EXPRESS

Airgate Business Park
291 Coward Street
Mascot N.S.W 2020
Tel: (02) 9313 3500
Fax: (02) 9667 5223

Unit 1
112-116 Lambeck Drive
Tullamarine Victoria 3043
Tel: (03) 9330 3033
Fax: (03) 9338 4215

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PATRICK, DP WORLD TO INTRODUCE SIDE-LOADER FEE AT PORT BOTANY

Stevedores DP World and Patrick will both introduce a fee for side-loader trucks entering Port Botany, starting this month. Last October, Patrick deferred a decision to implement a $100 plus GST side-loader fee at Port Botany following anger from the industry. In January, a Patrick spokesperson told Lloyd's List Australia that the fee would be implemented but that it would be lowered to $35 per truck visit, starting on February 8. DP World have also announced a $54 plus GST fee for all import container lifts to side-loader trucks, beginning February 1 at Port Botany. This follows the implementation of the same fee at Fremantle on January 1. DP World claims that the use of side loaders has been increasing and that it is affecting the "efficient delivery of import containers". "Servicing a vehicle with a side-loader trailer within the DP World Sydney and Fremantle RTG (rubber-tyred gantry crane)-operated terminals results in additional operational requirements and costs in comparison to a standard skel trailer," DP World said in a statement. Patrick outlined its reasons for the fee in October as side-loader trucks are "non-standard" and "represent additional risk of damage". To combat this, Patrick said that stevedores were now employing a full-time person, 24/7, to assist with loading the trucks and that the fee was to cover this cost. *(Continued on Page 2)*

BOTANY WEIGHBRIDGES CUT AXLE OVERLOADS IN HALF

A 61.5% drop in truck-axle overloads has been recorded since the installation of weighbridges at Port Botany. Just 10% of axles on trucks leaving Port Botany with containers on board are overloaded, according to latest figures. In July, when weighbridges were installed, initial figures had 26% of axles being overloaded. NSW Minister for Roads and Ports, Duncan Gay, announced the figures in December. "Companies loading containers in China, Taiwan, Italy or North America are not particularly familiar with, or interested in Australian road rules," he said. "To complicate matters even further, international cargo shipping lines currently do not weigh individual containers." This is an issue, the minister said, because "trucks leaving the Port Botany precinct carrying overweight, imported containers are a danger to other drivers on the road network, not to mention causing significant 'wear and tear' on city streets and motorways." "Rather than throw our hands up in defeat," Mr Gay continued, "the NSW Government worked closely with stevedores, cargo shipping lines, transport operators and freight forwarders to develop a series of innovative solutions to the problem." Accordingly, weigh-in-motion weighbridges were installed by Patrick (4) and DP World (3), at their terminals in July. Hutchison is expected to do the same when it opens up a terminal there in 2013. Trucks with axle overloads of up to 20% are directed to adjacent container freight stations for load adjustments. Trucks with axle overloads of over 20% are not allowed to leave the port precinct until the container or containers they are carrying have been re-packed. Alternatively, overweight containers can be moved out by rail.

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(Continued from Page 1) However, the Australian Trucking Association's NSW container section chairman, Mike Moylan, has spoken out, saying it doesn't agree with any additional costs being passed on to the transport operator for the cost of loading containers. "We believe that any charge for loading containers is part of stevedoring costs and should be borne by the stevedore's client, the shipping line," said Mr Moylan. "Carriers can't afford to absorb the costs. They'll have to be passed on to the cargo owner by their broker," he said. Patrick says they notified Sydney Ports of the fee and were told by the port no further information was required. Sydney Ports has said that it has no grounds on which to block the introduction of the fee. The decision to implement the fee follows discussions with industry says Patrick. "It was agreed that a reduction in the levy would be preferable to restricting the entry of side loaders. "Industry indicated that for a $35 fee, side-loader volumes would not be significantly impacted compared to the original higher fee," said the Patrick spokesperson. Neither Patrick nor DP World have ruled out introducing the surcharge at other terminals.

LINE'S PROFITS COULD REACH US$5BN IN 2013

Global container lines should end 2013 comfortably in profit after a collective return to the black last year, as long as they are able to keep ship supply under control. That is the central message from consultancy firm Drewry, which says profits could approach US$5bn this year, as long as carriers "continue to engage in sensible cost-cutting strategies and carefully manage capacity at trade route level". Lines may have to take more radical steps on lay-ups, however, if they are to remain financially sound. The provisional profit forecast for 2012 of US$1.5bn compares with industry-wide losses of around US$6bn in 2011, a year when freight rates were wrecked by a battle for market share. A year earlier, global carriers had posted record profits of around US$17bn as the box trades recovered rapidly from the massive losses sustained in 2009 when the banking crisis erupted. Although last year saw a general recovery following the success of rate rises in the second and third quarters of 2012, Drewry notes in its latest Container Forecaster that not every carrier will post a profit. The outlook for 2013 is underpinned by a more positive demand situation, with Drewry projecting 4.6% growth.

GLOBAL ENERGY DEMAND TO SURGE

ExxonMobil has released its energy outlook that addresses global energy demand up to 2040. ExxonMobil projects global energy demand in 2040 will be about 35 percent higher than in 2010. Within the transportation sector, energy demand will rise by more than 40 percent from 2010 to 2040. The growth is almost entirely from commercial transportation, including air, marine and rail, as expanding economies and international trade spur greater movement of goods. Oil will continue to be the most widely used fuel, but natural gas is expected to overtake coal by 2025 as the second most used fuel. Demand for natural gas will increase by about 65 percent through 2040, and 20 percent of global production will occur in North America, supported by growing supplies of gas from shale and other unconventional sources. North America is likely to transition to a net energy exporter by 2025, ExxonMobil said. Over the next two decades, more than half of the growth in unconventional natural gas supply will be in North America, providing a stimulus for American energy, chemicals, steel and manufacturing. Electricity generation will continue to be the largest part of global demand and is expected to grow by 50 percent to 2040. Many more power plants will be built, especially in developing countries where 1.3 billion people are without access to electricity.

HUTCHISON WILL NOT RULE OUT SIDE-LOADER FEES

Hutchison Ports has not ruled out the option of a fee on side-loaders at either of its terminals which are set to come on board this year. Hutchison's will be the third box terminal at Port Botany, but the company has not said whether it will join Patrick and DP World in enforcing a side-loader fee at the site. Hutchison said that a decision had not been made regarding a fee on side-loaders at its Sydney or Brisbane terminals. "We are aware of the moves by the current operators, but have no view on the issue at this stage and certainly have made no decision regarding the introduction of a fee," said the spokesperson. "We remain totally focussed on establishing the new and competitive terminals in Brisbane and Sydney," said the Hutchison spokesperson. The company's Brisbane terminal is set to come on board in the first quarter and the Sydney terminal, later in the year.

MANUFACTURING STILL WEAK IN DECEMBER

The contraction in manufacturing continued for a tenth consecutive month in December according to the latest Australian Industry Group **Australian Performance of Manufacturing Index (Australian PMI®)**. The revised index was unchanged at 44.3 in December (readings below 50 indicate a contraction in activity with the distance from 50 indicative of the strength of the decrease). No sub-sectors expanded in December. New orders were weaker in the month

(45.7) while input prices continued to rise (60.6). Australian Industry Group Chief Executive, Innes Willox, said: "The December **Australian PMI®** continues to reflect the influences of weak global demand and a softening Australian economy which impacted the sector throughout 2012. As well, a high Australian dollar and higher costs, particularly for energy due to the impacts of the carbon tax and, in some states, the costs associated with investment in network infrastructure, have all taken their toll on margins and activity. The pressures are widespread across the industry and in December no manufacturing sub-sector recorded an expansion in activity. Forward orders continue to track weakly suggesting demand has not yet turned the corner. The recent rate cuts by the Reserve Bank are yet to offset the range of factors adversely impacting the industry and further reductions are likely to be needed over the next few months," Mr Willox said. Activity in all of the eight revised manufacturing sub-sectors decreased in December. Inventories were down in the month (39.5). Selling prices received for manufactured products were lower in December (43.0). Survey respondents remained cautious about the outlook citing a range of growth inhibitors including softer demand, higher energy charges, stronger import competition and the strong Australian dollar.

FREE TRADE AGREEMENT WITH MALAYSIA IN FORCE

Australia's ground-breaking free trade agreement with Malaysia entered into force on 1 January 2013, opening up opportunities for exporters and investors across most sectors. 97.6 per cent of Australian goods currently exported to Malaysia are eligible for tariff-free treatment, rising to 99 per cent in 2017. Service providers - including universities, schools, banks, insurers, telecoms companies and accountancy firms - will also benefit, with increased access to the Malaysian market and an easing of rules on control of Malaysian businesses. Trade and Competitiveness Minister, Craig Emerson, said the Malaysia-Australia Free Trade Agreement (MAFTA) would further integrate the Australian economy into the fast-growing Asian region. "It builds on the benefits already flowing from the ASEAN-Australia-New Zealand FTA to open up new opportunities for investors and exporters," Dr Emerson said. "This high-quality agreement reduces trade barriers, increases transparency and provides greater business certainty, making it easier for Australians to do business in Malaysia." Dr Emerson said Australian exporters would benefit from improved market access for a variety of goods and services, including liquid milk and processed foods, automotive vehicles and parts, iron and steel. Under MAFTA, the remaining Australian tariffs on Malaysian goods have been removed, helping lower the cost of consumer goods for Australians. MAFTA is Australia's seventh free trade agreement. Agreements are already in force with Chile, New Zealand, Singapore, Thailand, the United States and the multiparty ASEAN Australia-New Zealand FTA.

BOEING FINISHES STRONG IN 2012

Boeing booked 1,203 commercial plane orders in 2012, the second largest number in company history. The company also delivered 601 planes, the most since 1999. Boeing's unfilled commercial orders at the end of the year stood at 4,373, the most in company history. Boeing said there were 31 deliveries in 2012 of the 747-8 Intercontinental and Freighter and that both have received positive reviews from customers and are performing as expected in service. "Our employees rose to the challenge of executing several production rate increases in 2012—a truly remarkable performance," said Ray Conner, President and CEO, Boeing Commercial Airplanes. "Increasing our deliveries by 26 percent allowed us to put more planes into the hands of our customers and grow our customer base by offering the best products and services." The 737 program broke the record for orders for any Boeing model in a single year, accumulating 1,124 net orders. The 737 MAX – the new engine variant of the best-selling 737 – recorded 914 of those orders, bringing total orders to date to 1,064. In addition, the Next-Generation 737 set a new single-year record with 415 deliveries to customers worldwide. "As we look ahead to 2013, we're focused on meeting our customer commitments by increasing production rates and delivering high-quality, reliable products and services," Connor said.

AIRLINE REVENUE ESTIMATES RISE ON SOLID QUARTERS

The International Air Transport Association (IATA) says airlines have reported improved financial results for the past two quarters and as a result, the anticipated 2013 net profit outlook for the world's airlines is up almost US$1 billion at US$8.4 billion, from a previous forecast of US$7.5 billion. Estimated industry profits for 2012 also are up, from US$4.1 billion to US$6.7 billion. Asia Pacific carrier performance is mixed, while US airlines continued to improve profitability - partly due to cost containment strategies. In the eurozone, performance has improved, although IATA expects the regions only to break even.

CUSTOMS REFORM BOARD

Minister for Home Affairs and Minister for Justice Jason Clare has announced the establishment of the

Customs Reform Board. The Board will be made up of three distinguished Australians with expertise in law enforcement, corruption resistance and best practice business systems. They are:

- The Honourable James Wood AO QC, former Royal Commissioner of the NSW Royal Commission into the NSW Police Service
- Mr Ken Moroney AO APM, Former Commissioner of the NSW Police Force
- Mr David Mortimer AO, Former CEO TNT Limited, former Deputy Chairman of Ansett, former Chairman of Australia Post and Leightons Holdings.

This year the Government has announced and implemented the first stage of major reforms to Customs. These reforms include:

1. Integrity Testing
2. Drug and Alcohol Testing
3. The power to terminate officers for Serious Misconduct
4. Mandatory requirements to report serious misconduct
5. Expansion of the corruption watchdog - That oversight has been expanded to include Biosecurity staff from the Department of Agriculture, Fisheries and Forestry, AUSTRAC and CrimTrac.

CUSTOMS REFORMS RECOMMENDED TO BOOST TRANS-TASMAN TRADE

Reform of customs tariffs and rules of origin and biosecurity issues have been recommended as trade-boosting measures by a joint study of the Australian and New Zealand Productivity Commissions. Findings by the Australian and New Zealand Productivity Commissions show that trading of goods between the two countries would benefit from waiving Rules of Origin for all items for which their Most-Favoured-Nation tariffs are at 5 % or less. Both commissions also recommend reducing any tariffs that exceed 5% to that level, contrary to the policy set up under the Closer Economic Relations (CER) agenda. Quotas were mostly already all eliminated in the 1980s and general 'Most-Favoured-Nation' tariffs in both countries are low — 5% or less. Key exceptions are second hand cars in Australia and various textiles, clothing and footwear (TCF) items in both Australia and New Zealand, which attract tariffs of 10 percent - although in Australia these are scheduled to fall to 5 percent on 1 January 2015. Further reforms, said the joint- report, will allow savings in administrative and compliance costs for government and business and improved resource allocation. Quarantine and biosecurity agencies in Australia and New Zealand should also, where cost effective, continue to develop common systems and processes, and enhance their joint approach to risk analysis, including the implementation and operation of a risk-based biosecurity system. Trans-Tasman biosecurity agencies could also mutually benefit from further sharing of the purchase, use and maintenance of expensive technologies, such as biosecurity testing facilities, the report argued.

EU, SINGAPORE AGREE TO FREE TRADE DEAL

The European Union has agreed to a free trade accord with Singapore, the latest in a series of bilateral deals that it hopes will ease a deepening sovereign debt crisis and inject growth into stagnating economies. The deal, reached after 33 months of negotiations, is expected to pry open the Asian city state's financial services and public procurement markets and boost European auto exports. Singapore, where the U.S. enjoys preferential access, is the EU's 13th largest commercial partner, with two-way trade in goods worth nearly $61 billion in 2011. "Singapore is a dynamic market for EU companies and is a vital hub for doing business across Southeast Asia," said EU Trade Commissioner Karel De Gucht. "This agreement is key to unlocking the gateway to the region and can be a catalyst for growth for EU exporters." This is the EU's second free trade deal with an Asian nation; an accord with South Korea came into effect in 2011.

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