



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

NEWSLETTER 2013/5

OCTOBER 2013

CUSTOMS WARNS ON DOCUMENT VERIFICATION

Customs brokers, importers, exporters and other cargo reporters have been warned that they need to be more careful when supplying documents and evidence to the Australian Customs and Border Protection Service (ACBPS), in the latest notice from the agency. Concern has been voiced by Customs about acceptable standards of commercial documentation and “evidence of monies price paid”. Details being provided to the service in such documents as pro-forma invoices, which include the value of goods, have been found to be “highly inaccurate” in a “significant number” of cases. ACBPS warns people not to rely routinely on the use of such pro-forma documents without further verification work to ensure that they reflect the true sales transaction. Failure to provide adequate supporting evidence on request could result in delay to imports of cargo, the service warns, as it may refuse to grant authority to deal with the goods until the details have been verified. Cargo clearance delays have already occurred on this point, the service adds. It further points out that there is a statutory obligation to ensure that those people who make their own declarations, or make them on behalf of others, must ensure that the information provided in the statements is not false or misleading.

VICTORIA REPORTS STRONG EXPORT GROWTH

Exports from Victoria increased 4.8% in the three months to July, figures released by Australian Bureau

of Statistics (ABS) show. State Trade Minister, Louise Asher, said *(Continued on Page 2)*

PORT BOTANY TERMINAL

Time slots at DP World Port Botany terminal are near impossible to obtain for small to medium size carriers. The reason for the difficulty in obtaining slots could be explained by the larger carriers taking more slots than they require and consequently releasing them without incurring any heavy penalties or associated booking costs. The situation has become worse with several small to medium carriers advising clients that they cannot guarantee a reliable trucking service due to the difficulties with obtaining slots at Port Botany. Reality is that some larger carriers are hoarding slots with no real intention of using them all. The current penalty of \$50 is not curbing some larger carriers from hoarding slots. Port Botany Landside Improvement Strategy (PBLIS) together with the Ports Road Taskforce is proposing changes to the regulation to allow for two slot drops – one to those large carriers that do 50% of the work, and the other to small carriers who do 50% of the work together with standards to specify current practice and define each group, including review of those groups. Other changes proposed by PBLIS include carriers being made responsible for booked time slots even if they are returned to the Vehicle Booking System (VBS) within the 24 hour deadline period. In addition to these proposed changes, PBLIS is looking at an increase to the minimum number of slots being dropped into the VBS by stevedores to fall in line with port volume increase.

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(Continued from Page 1) the increase is in line with an upward trend in exports from Victoria and is above the national figure of 0.9%. "The upward movement paints a positive future for the state in many areas of production, much higher than the national figure where the export of goods rose by less than 1%," Ms Asher said. "While the export of goods fell in many other states, Victoria's figures were outstanding and reveal a business confidence in the strength of the state's economy." According to the ABS, global demand for products including canola, meat, fruit and vegetables, gas and pharmaceuticals are behind Victoria's export growth. "Critical to Victoria's economy, exports of non-mining goods have also increased and rural exports reached a record high of \$2.8bn in the June quarter," Ms Asher said. She said the state government had used trade missions to India, south-east Asia and China to maximise opportunities. "Establishing strong trade relations with our regional neighbours is clearly opening new doors for Victoria's export industries and will only further strengthen Victoria's export markets." Treasurer, Michael O'Brien, said export growth figures and national accounts released show the fundamentals of the Victorian economy remain strong.

SHIPPING DOWNTURN 'COST ASIAN BANKS HUNDREDS OF MILLIONS'

Asian banks have lost hundreds of millions of dollars in refund guarantees alone as a result of the shipping downturn, a German shipping banker has claimed. Klaus Stoltenberg, global head of ship and aircraft finance at Nord LB, cautioned the German ship finance conference in Hamburg against the hope that China and South Korea can fill the gap left by the withdrawal of European bankers from the shipping industry. Chinese banks are not open to German owners per se. They look at all applications for loans as corporate finance or investment banking propositions, so few German ship managers will be tier-one clients. Janos Knig of Eurofin said Chinese banks had shipping exposure of some US\$25bn, of which slightly less than half had been lent to non-Chinese owners. Money is only available to foreign concerns where there is a strong Chinese element to the deal, such as an order for a Chinese newbuilding or one backed by a Chinese time charter. In addition, borrowers must be financially solid.

FAILURE OF SEPTEMBER 1 RATE RISE ON ASIA-EUROPE TRADE CONFIRMED

The failure of the mooted September rate increase attempts on the Asia-Europe trade has been confirmed following the publication of two freight rate indices. World Container Index's Shanghai-Rotterdam freight rate assessment increased just

US\$18 to US\$2498 per 40ft box. Meanwhile, the Shanghai Containerised Freight Index China to North Europe component declined week on week by US\$110 to US\$1073 per teu. Carriers had been hoping to increase freight rates on services from Asia to Europe by around US\$500 per teu on September 1. Analysts have signalled that this may have been one of the carriers' last chances to increase rates before the industry heads into the northern winter period. Director of World Container Index, Richard Heath, said: "With second quarter financial results showing mixed levels of profitability, many carriers must have hoped that price rises towards the end of the peak season would help to shore up their balance sheets. "Spot rates also have a significant influence on the outcome of contract rate negotiations, which for many shippers on the Asia-Europe trade will be taking place in the fourth quarter." ICAP container freight analyst, Richard Ward, said: "The inability from carriers to maintain rates can be attributed to the fact the planned rate increase that was due to come into force in September has failed, highlighting the limited effectiveness of such rate restoration methods".

IATA REPORTS 'ENCOURAGING' AIRFREIGHT GROWTH

Global air cargo traffic results for July showed a continuation of the modest improvement trend in June, according to the International Air Transport Association. Global freight tonne kilometres were up 1.2 percent in July year-on-year, slightly better than the 0.9 percent year-on-year increase recorded in June, as growth in Europe and the Middle East offset weakness in Asia. As a result of the July performance, airfreight volumes are at their highest level since mid-2011. Capacity increased 3.4 percent compared to July 2012, pushing load factor down to 43.3 percent. However, load factors have stabilized compared to earlier in 2013. "The growth is encouraging, particularly in Europe. However, it is premature to say that air cargo may be emerging from the doldrums of the past 18 months. The weakness in Asia-Pacific freight markets and the deteriorating political situation in parts of the Middle East give ample reason for continued caution," Tony Tyler, IATA's Director General and CEO, said.

HASTINGS NEEDED TO ENSURE FREIGHT ADVANTAGE

Victoria risks losing its freight advantage over New South Wales if a Hastings container terminal isn't fast-tracked, Patrick Terminals East Swanson Terminal Manager, Damian Ryan, has argued. Hastings container terminal needs to be fast-tracked if it wants to remain competitive. Speaking at the Freight Week conference in Melbourne, Mr Ryan

said larger ships would visit Victoria and Australia if the terminal facilities were available. "That is why Hastings is going to become more and more important," he said. "We do need an international container terminal at Hastings a lot sooner than the 15 years that people are talking about because we are knocking back ships here. "You will see shipping volume move to Sydney. We have already seen movements to Sydney but you will see a lot more." Mr Ryan also argued Australia could sustain three major container stevedores. "It can, and the way it can, is by being efficient. That is why at Asciano we are spending so much on automation." Mr Ryan's views were in stark contrast to others such as former-Toll boss, Paul Little, who has argued forcefully in favour of a 'Bay West' option where a container terminal would be built on the western side of Port Phillip Bay, between Geelong and Melbourne. The idea would be to allow for the integration of the West Swanson container and intermodal terminals.

PORT LICENCE FEE INFORMATION PAPER

The Port of Melbourne Corporation has released an Information Paper to apprise industry of the actual amount of the Port Licence Fee (PLF) recovered in 2012-13, and to indicate the estimated amount to be recovered in 2013-14. Legislation provided for the introduction of a PLF starting rate of \$75 million in 2012-13. The legislation requires PoMC to remit the PLF to the Victorian Government in four equal quarterly instalments, and PoMC has made four payments, each of \$18.75 million, to Government for the 2012-13 financial year. The Act also specifies that the PLF would be escalated each year in accordance with a CPI based adjustment factor detailed in the Act. PoMC's recovery of the PLF has been based on the principles of equity and fairness, together with a desire to ensure the recovery was administratively simple and as cost effective as possible. To achieve these aims, and after a period of consultation with industry, PoMC decided to recover the PLF through an increase in the general fees and charges included in PoMC's Reference Tariff Schedule (RTS). This meant that recovery would be spread across all of the port's trade sectors and that no one sector would be unfairly affected by the increase in charges associated with the recovery of the PLF. PoMC has also informed industry that it was committed to transparency with respect to the recovery of the PLF and that it would inform stakeholders, on a periodic basis, regarding the status of the PLF recovery during the year.

PLF recovered for 2012-13

PoMC's forecast was for a year-end under-recovery of approximately \$3 million; PoMC now advises that the final quantum of the under-recovery for the 2012-

13 financial year was \$2.3 million. This is an improvement on the April year-end forecast and well within PoMC's original estimate that the quantum of PLF recovered in 2012-13 would be between \$70 million and \$80 million. The total amount of PLF recovered for the 2012-13 was \$72.7 million.

PLF recovery estimates for 2013-14

PoMC advises that it has recently received notification from the Department of Transport, Planning and Local Infrastructure that the quantum of PLF required to be paid to Government by PoMC for 2013-14 is \$76.429 million. This is a smaller increase than forecast by PoMC earlier in the year. Together with the lower than expected level of under-recovery for 2012-13, it means that the starting basis for recovery of the PLF for 2014-15 is stronger than forecast. This position reduces the trade risk associated with under-recovery and should assist in a movement toward equating, over time, the cumulative amount of PLF recovered by PoMC and that paid to Government.

COMPETITION BOOSTS INVESTMENT IN PORTS

Potential new competition has already triggered additional investment in Australian ports, Hutchison Port Holdings (HPH) group Managing Director, Dr John Meredith, says. HPH is close to being fully-functional in Brisbane and Sydney and is bidding for the right to stevedore in Melbourne. Speaking at the Freight Week 2013 conference in Melbourne, Dr Meredith talked about the long-term prospects for competition in the container stevedoring business. "On the work that has been done here, we actually think that there is certainly room for new operations, expanded facilities and new technology. It's a difficult situation for the incumbents [stevedores] and it's equally difficult for somebody coming in because on the Australian coastline, you actually have contracts with shipping companies and you have to have the contracts covering the whole of Australia. That makes it difficult for incumbents to handle new people coming in. It also makes it very difficult for new people coming in to take-on incumbents. This is unique - we haven't had this anywhere else in the world. It is an issue of the geography of Australia and therefore it is important for Australia to have other operators in and it has, I think, spurred-on some significant technology changes here."

SON OF CONCORDE CLOSER?

NASA, Boeing, Lockheed Martin, Aerion and the Japan Aerospace Exploration Agency (JAEA) all are working on technologies that could lead to new Concorde-type passenger planes that travel faster than the speed of sound, reports say. Models being tested use technologies including tail blisters and varying

shapes that combine to achieve quieter flight. Barriers to 'Concorde replacements' include high emissions, excessive fuel use, noise at takeoff and landing and the sonic boom - the sound caused by shockwaves created when objects travel faster than the speed of sound. This previously prevented supersonic aircraft from flying overland routes. To 'beat the boom' Boeing has a two-jet configuration with engines mounted above the wing, while Lockheed Martin's tri-jet configuration - two engines below the wing and a third mounted in the tail - is said to reduce the sonic boom to near-acceptable levels. Japan Aerospace Exploration Agency (JAXA) spokesman, Masahisa Honda, said that while his agency currently had no aircraft in specific development, it predicted a supersonic business jet to enter the market some time after 2015. One of the first is likely to be the Aerion SBJ, an 8-12 passenger business jet. "It will herald a return to supersonic civil flight without Concorde's environmental and economic drawbacks," said Aerion spokesman, Adam Konowe, who said the firm anticipated a six-year development program to bring the aircraft to market. "We believe the SBJ will enter service around 2020," he said. The design and build of supersonic fighter jets and passenger aircrafts are completely different. Fighter jets can fly at supersonic speeds for only a few minutes, maximising the engine thrust only when necessary to escape from an enemy or to speed to a given destination. On the other hand, supersonic passenger aircraft have to maintain supersonic speeds for several hours, so their designers focus on engine efficiency, aircraft weight and aerodynamics. One barrier to mass market takeup of a plane that could fly from London to Sydney in four hours is expected to be ticket prices.

CARRIERS RETURNING TO CORE SERVICES MAY MEAN OPPORTUNITIES FOR FORWARDERS

A mixture of financial necessity and commercial reality is forcing ocean carriers to return to providing core services only, opines the latest Drewry research. It goes on to say that shipping lines are still being squeezed out of providing home-grown integrated logistics services. Although partly driven by financial necessity, the ocean carrier trend appears to recognise that one-stop shops are not the way forward and that expansion via vertical integration should be replaced by greater focus on the provision of core services. The provision of forwarding services may still be in the mix, but through differently named subsidiaries that have to be seen as stand-alone profit centres. The implication is that the provision of home-grown integrated logistics services by ocean carriers is

becoming a distant dream that is unlikely to be resurrected in the near future. This will be good news for freight forwarders and independent third-party logistics companies who have been arguing for years that ocean carriers should stay out of logistics, for which being asset light has many advantages. Drewry estimates that, since 2009, the proportion of the ocean freight market that is controlled by forwarders has consequently risen from 35% to 51%. Twenty years ago, when carriers were still contesting the LCL market, it was just 15%, it considers.

AUSTRALIA-UNITED STATES FREE TRADE AGREEMENT

Amendment to ACN 2004/39

The purpose of an amendment to ACN2004/39 is to replace the Consignment Rule section that was originally in that Notice. To more accurately reflect the Australia-United States Free Trade Agreement provisions, the Consignment Rule section in ACN 2004/39 is now replaced by the following:

"Consignment rule

In addition to the rules specified above, to be a US originating good, a good must have been:

- (a) transported directly to Australia from the US; or*
- (b) transported through another country or place, provided the good does not in that country or place undergo operations other than unloading, reloading or operations to preserve it in good condition or any other operation that is necessary for the good to be transported to Australia."*

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