



SCI Australia

Pty Ltd

In This Edition

Suez vs Panama

China FTA Moves One Step Closer

Ocean Cargo Becoming “Cleaner”

Plus

Staff Spotlight on John Annand

October 2015 Newsletter



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Welcome Message

Welcome to the September Newsletter for the clients and friends of SCI Australia. This newsletter is designed to be an informative source about the company and the general industry and includes news, forthcoming events and the lighter side of the people who work for SCI.

We hope that you find this newsletter beneficial and the information provided of great value and interest. We appreciate your suggestions and input for future issues.



Notice of Industrial Action

14th September, 2015

Notice of Department of Immigration and Border Protection Protected Industrial Action

Dear Member,

Employees of the Department of Immigration and Border Protection, including the Australian Border Force, will take part in protected industrial action (PIA) at various work sites over 15 to 23 September 2015.

Please find below formal notices of the PIA and affected services from next week.

- [Notice](#)
- [Attachment A](#)

Please also refer to the Department of Immigration and Border Protection website for further information: <http://www.border.gov.au/>

Thank you and regards

Juana Mulherin,
Executive Assistant (A.F.I.F.)



PIL/PAE (GRI)

Notice to Trade (GRI) **China, Hong Kong, Korea and Taiwan to Australia**

Please be advised there will be a General Rate Increase (GRI) introduced for all inbound shipments from China, Hong Kong, Korea and Taiwan to Australia for shipments sailing on or after the 15th of October 2015

The General Rate Increase (GRI) will be:
US\$500.00 / 20' and US\$1000.00 / 40'

We thank you for your continued support.

OOCL (Rate Restoration)

Customer Advisory (Rate Restoration) **China, Hong Kong, Korea and Taiwan to Australia**

OOCL would like to advise that in order to maintain a high standard of service to customers, there will be a Rate Restoration of US\$500/20' and US\$1000/40' from the 15th of October 2015, for both dry and refrigerated cargoes in the base ocean freight for cargoes from North East Asia (including China, Hong Kong, Korea and Taiwan) to ports and points in Australia.

This increase will be applied in full on top of existing ongoing market rates to all import shipments based on the actual departure date of the vessel named in the bill of lading from the 15th of October 2015, and will be subject to ancillary surcharges applicable at the time of shipment.

Should you have any questions, please do not hesitate to contact your local Sales Executive at OOCL.



Suez vs. Panama Who will win?

The opening of the Suez Canal expansion on August 6 marked a milestone for both Egypt and world trade. Completed in just one year, the massive engineering project saw the construction of a 35 km additional channel and dredging work that allowed for two-way traffic over a 72 km section of the canal that had previously only catered for one-way transits.

Before the canal expansion, vessels heading south had to form two convoys. The first of these would transit halfway down the canal and anchor in the Great Bitter Lakes to allow northbound traffic to pass, before continuing south. The second convoy would anchor further north in a side channel for the same reason. Draught restrictions in the Great Bitter Lakes limited how many large ships could anchor at the same time, restricting both the number and size of vessels per convoy.

With two-way traffic, the Suez Canal Authority says the average transit time will be reduced from 18 hours to 11 hours. Moreover, the canal's maximum capacity will increase from 47 to 97 ship transits per day. On the other side of the world, a much slower expansion programme is taking place on the Panama Canal. Beset by cost overruns, strikes and disputes with the consortium running the project, the Panama Canal expansion was launched eight years ago and still has another year to go before completion.

When it does open — and it has missed three deadlines so far — the canal linking the Pacific and Atlantic oceans will be able to accommodate vessels with more than twice the capacity of the current panamax class. The new maximum size able to manoeuvre through the locks will carry as much as 14,000 teu.

With the two great canals going head to head with each other in their new expanded forms, the question now becomes which will benefit the most and will there be any significant change in world shipping patterns. From the perspective of the canals' authorities, Panama will see the most significant change, at least superficially. A doubling of the size of vessels passing through will significantly affect revenues per transit. For Suez, large ships already transit and it remains to be seen whether there is demand for doubling the number of transits per day.

For ship operators, Suez has always been a natural passage. A voyage from Singapore to Rotterdam via the Suez is 6,000 km and nine days shorter than routing around the Cape of Good Hope. Knocking seven hours sailing time off a 13,000 km voyage is not a massive saving in the large scheme of things. For lines serving the Asia-Europe trades it will be business as usual.

Speaking to Lloyd's List ahead of the Suez Canal expansion opening ceremony, Maersk Group representative and Maersk Drilling chief executive Claus Hemmingsen said the wider world would benefit from the shorter transit times, better schedule reliability for transits, and from an increased number of large vessels being able to pass through the canal.

"The concerns we had that restrictions would have been imposed have been eliminated," Mr Hemmingsen said. "The new canal accommodates the growth that has taken place over the past 10 years." The real competition will be on trades between Asia and the US east coast, where lines have the option of going either westbound via Suez or eastbound via Panama.

French carrier CMA CGM says a voyage from Singapore to New York is 4,000 km and seven days shorter if using Suez in preference to Panama. But the calculation is not so straightforward when different arrival and departure points are taken into account.

Most cargo from Asia's northern industrial zones around Shanghai destined for the US has gone via the Pacific, often to west coast ports where it enters the hinterland distribution chain via truck or train.



Suez vs. Panama Who will win? (cont.)

And it is these cargoes that are likely to be reviewed when the enlarged Panama Canal opens next year. Research by Boston Consulting Group found that for some cargoes destined for the US east coast, particularly bulky equipment that had no delivery urgency, using the Panama Canal over the US west coast route became more cost effective.

Lines have already had experience of moving cargoes to this route, particularly during the protracted labour disputes on the west coast earlier this year. Container terminals on the eastern seaboard have seen marked increases in throughput, to the extent that in some cases they began to suffer their own congestion problems. In July, the Panama Canal route from Asia to the US east coast retook its traditional lead over Suez, according to Alphaliner. Weekly capacity on the trade lane was up 20% on a year earlier to reach a record high of 143,000 teu, carried on 25 weekly strings.

Panama's share of east coast trade had been steadily falling from 74% at the beginning of 2010 down to a low of 44% in February. By July, however, it had edged into the lead over the westbound route, taking 51% of total capacity. But that advantage may not last long, and quarterly figures give a more circumspect view. Data prepared for Lloyd's List by the Transpacific Stabilization Agreement shows that volumes moving from Asia to the US via the Suez Canal totalled 297,456 teu in the second quarter of this year. Cargo through the Panama Canal came to 241,371 teu. Traditionally, most all-water services have transited the Panama Canal, but with ship sizes limited, and larger vessels entering the US trades, the Suez Canal has become a more popular option. That is particularly so for cargo from Southeast Asia, whereas exports from north China would still go across the Pacific, a shorter voyage. The TSA numbers show that in a typical week in the second quarter, the Suez Canal was handling around 23,000 teu bound for the US, in contrast to nearer 19,000 teu moving through the Panama Canal. While neither canal poses a significant threat to the other's success, the main winners from the increased capacity on both canals will be shippers and carriers.

"From a carrier point of view, the fact that the Suez and Panama canals are both being enlarged is good because it gives us more choice," said Maersk Line chief executive Søren Skou.

"We can serve the US east coast via Suez or Panama and all things being equal, that is good from a procurement point of view. Also, the new Suez channel is helpful from a cost point of view, and that will be good for our customers as we generally pass on efficiencies to our customers."

While Maersk has led the charge towards ultra large container tonnage, its most recent confirmed order has been for nine 14,000 teu vessels, with the option for eight more. When the order was signed, Maersk would not say where the vessels would be deployed but did state: "By moving away from hulls designed with a certain speed and draught in mind, Maersk Line is strengthening its fleet with vessels which can be deployed on east-west or north-south trades where requirements differ, with no impact on fuel consumption."

The enlarged Panama Canal, capable of accommodating these ships will give Maersk and its rivals more opportunities in terms of deployment.

"What that will mean is still a little bit unclear," Mr Skou said. "There probably will be consolidation of services, so that two services from, say, the west coast of South America to Europe with smaller ships will likely be combined into one loop with bigger ships, and that will mean lower costs and be good for the customers."

A year from now, when the new Panama Canal locks are completed, it will be interesting to see which direction lines take in the choice of canals.

Source: **Lloyds List Australia**
<http://bit.ly/1KkzGc1>



MSC (GRI's)

Mediterranean Shipping Company S.A. (MSC) wishes to announce to Southbound Asia clients a general rate increase (GRI) that is to apply to all vessels sailing ex China, Hong Kong, Korea and Taiwan to all Australian ports (East Coast and West Coast)

The announced increase is to be effective from 15th October, 2015
(proforma sailing date)

The increase is as follows:

USD \$500.00 per TEU

Mediterranean Shipping Company S.A. (MSC) wishes to announce to Southbound Asia clients a general rate increase (GRI) that is to apply to all vessels sailing ex Malaysia, Indonesia, Thailand and Vietnam to all Australian ports (East Coast and West Coast)

The announced increase is to be effective from 15th October, 2015
(proforma sailing date)

The increase is as follows:

USD \$200.00 per TEU

Please be guided accordingly.

Kind regards,

Kolja Milutinovic

Trade Assistant & Sales Co-ordinator



China FTA Moves One Step Closer

The introduction of the suite of legislation was unexpected, given the Joint Standing Committee on Treaties has not yet issued its report in relation to the ChAFTA. The Committee is due to report in mid-October.

However, the Minister stated that in view of the Parliamentary sitting schedule, the benefits to Australian businesses of a double cut to tariffs on exports to China should the Agreement enter into force before the end of the year, and the importance to the Parliament and the community of seeing the changes that are required to be made under this Agreement, the Government decided to introduce the implementing legislation now.

There was significant focus throughout the Explanatory Memorandum (EM) on the benefits to Australian exporters. The EM really makes the case for benefits to Australia's exporters. It notes the significant tariff barriers and limitations that Australian exporters face when seeking to take advantage of the growing Chinese market.

China's average applied tariff in 2013 was 9.9%. However, for agricultural products, this increases to an average tariff of 15.6%. In respect of pharmaceuticals, mining machinery and medical equipment it increases to tariffs of up to 47%. The elimination of the most tariffs will give a real opportunity to Australian exporters. We also have a clear statement about the preferred timing of the Government. The EM states that "in close consultation with the Government of China, the Australian Government is working towards entry into force of the Agreement before the end of 2015 in order to maximise the business gains" for both countries. Unless Labor and others in the Senate do move to block the ChAFTA, this gives the first definitive statement that we can expect ChAFTA to be in place by the end of this year.

The political issue of recent times has been the access of Chinese citizens to jobs in Australia. The enabling legislation will provide guaranteed access to Chinese citizens for the following categories:

- intra-corporate transferees and independent executives for up to four years (including executives, managers and specialists);
- contractual service suppliers for up to four years; including guaranteed access for up to a combined total of 1,800 per year in four occupations: Chinese chefs, WuShu martial arts coaches, TCM practitioners and Mandarin language tutors (subject to meeting standard immigration requirements);
- installers and servicers for up to 3 months; and
- business visitors for up to 90 days, or 6 months for business visitors who are service sellers.

Labour market testing will not apply to these categories only. Otherwise, Australia's migration laws as they apply to Chinese citizens remain unchanged, as do Australia's workplace laws and health and safety obligations. The pressure is now on the opposition and cross bench in the Senate to decide whether they will indeed block this legislation. The feedback we receive from the business and trading community is overwhelmingly in favour of the ChAFTA.

This is the perfect time for business to take steps to prepare for the introduction of ChAFTA, assess the benefits and opportunities and put in place a strategy to take advantage from day one. Don't wait until an actual commencement date is announced as the trade community may only receive a week's notice. For more information about what you can be doing now, read our update here.

If you need any assistance, please contact Lynne Grant or Russell Wiese.

Source: **Hunt & Hunt Lawyers**
<http://bit.ly/1LH0L5N>



Ocean Cargo Is Becoming “Cleaner”

The Clean Cargo Working Group (CCWG) has released a report indicating that in 2014 average CO₂ emissions in the global container shipping trades declined 8.4 percent from the year before. CCWG is a leading global carrier-shipper initiative of San Francisco-based BSR. It is dedicated to environmental performance improvement in marine container transport through measurement, evaluation, and reporting.

“Emissions fell 29 percent from the baseline in 2009, with the greatest improvements registered on those lanes that feature the largest, newest container ships in the global fleet,” says Angie Farrag-Thibault, associate director of the Group’s transport and logistics division.

Carrier members in the Group comprise more than 80 percent of global container shipping capacity. As reported in LM, the Clean Cargo Working Group was formed 12 years ago by container vessel operators, shippers, and other stakeholders to improve the environmental performance of ocean cargo.

Most of the top 30 carriers are members.

Earlier this year CCWG provided shippers with a new methodology titled “How to Calculate and Manage CO₂ Emissions from Ocean Transport” to calculate the carrier “footprint,” and assess supplier’s environmental performance.”

For example, CCWG member Marks & Spencer uses the data and tools to measure, evaluate, and report the CO₂ impact of its global goods transportation. This allows the company to establish a baseline from which to measure improvements over time from approved CO₂-saving initiatives.

“By being a member of CCWG, we can review and compare ocean carriers (our suppliers) on their sustainability practices and set expectations with transport providers for continuous improvement,” says Barry Wallace, logistics manager at Marks & Spencer, and member of the CCWG Steering Committee.

The guide explains how to perform such comparisons by using illustrative trade routes. For example, three carriers provide the same service from Asia to North America’s East Coast, Asia to northern Europe, and Europe to Latin America. Using CCWG emissions factors for each of these carriers, which is a measure of environmental performance, a shipper can compare its suppliers. In the example from the report, there is a difference in environmental performance of more than 50 percent across these three suppliers.

“The CCWG network also helps shippers engage with like-minded organizations,” says Farrag-Thibault. “CCWG provides a unique platform for peer companies to share best practices, and for brands to embed the latest developments across the transport supply chain into procurement.

Source: **SupplyChain247**
<http://bit.ly/1OoRfcG>



How Good is Your Trivia Knowledge

1. According to IMDb, Tom Hanks has been in how many Films and Television Shows?
 - a) 78
 - b) 157
 - c) 175
 - d) 212

2. True or false the October Revolution of 1917 in Russia took place in October?

3. Who was the first Prime Minister of Australia?
 - a) Alfred Deakin
 - b) Sir Edmund Barton
 - c) Joseph Cook
 - d) Benjamin Franklin

4. Which came first - Apple or Microsoft?

5. "Message in a Bottle" is a famous song by which well known band?
 - a) The Sting
 - b) Policemen
 - c) Blue Oyster Cult
 - d) The Police

1) a 2) false 3) b 4) Microsoft 5) d



Staff Spotlight

October Edition

Staff Spotlight

Our Staff Spotlight this month is Customs Broker, **John Annand**

Favourite Sports Team: Collingwood

Ideal Holiday: Sipping Beers in Hawaii

Hobbies: Footy, Moto GP

What is Playing in Your Car Right Now: Whatever is on the Radio

Where Have You Travelled To: Pacific Islands, Singapore, USA, Bali, Philippines, NZ

If A Genie Gave You A Wish What Would You Wish For: Truckloads of Cash

Best Advice Anyone Has Ever Given You: Be careful, if you can't be careful buy a pram

What Would You Like People To Know About

You: I am a passionate Collingwood supporter and have been known to have the odd beer or 2. I've been in the industry 40 years.



(John Annand at SCI Australia)



CBFCA - Container Weight Verification Meeting

Container Weight Verification Meeting

The CBFCA attended a meeting yesterday Chaired by Shipping Australia Limited (SAL) to discuss the implementation of the IMO's amendments to the Convention for the Safety of Life at Sea (SOLAS) requirements operative from 1 July 2016.

Together with the regulator Australian Maritime Safety Authority (AMSA), the Australian Peak Shippers Association (APSA), the major stevedores and others, the challenges of implementation and practicality of compliance were high on the agenda.

In short, no container will be loaded onto a ship unless the "verified actual gross weight" is provided in advance by the shipper.

AMSA will be providing further guidance on same in due course. Please refer to the following media release from [Shipping Australia Limited](#).

CBFCA Team



Feedback

Should you wish to discuss any of the issues contained in this newsletter please contact your CSO or any of the people listed below:

Mile' Jurcic', Jeremy Nash (Melbourne), Mark Hingston (Brisbane)

Thank you for continued support.
SCI Australia Pty Ltd

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As this information originates from external sources, SCI Australia cannot be held liable for the accuracy of this information.