



INTERNATIONAL FREIGHT MANAGEMENT SERVICES

SCI AUSTRALIA

PTY LTD

BE AWARE ASBESTOS YOU CAN

The Future of Australia Sheep Exports

Whooping Tobacco Seizure

Plus

The Final Review of the SAFTA

NOVEMBER 2016 NEWSLETTER

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November Edition

Welcome Message

Welcome to the October 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.

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OOCL Rate Restoration

13th October, 2016

Customer Advisory Rate Restoration

China, Hong Kong, Korea and Taiwan – Australia Trade

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\$250/20' and US\$500/40' from 15th November 2016, 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 shipments based on the actual departure date of the vessel named in the bill of lading from 15th November 2016, 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 Customs Service Officer at SCI Australia.





Unsanitary Conditions and Unpaid Wages On Bulker

LABOUR unions say they were disgusted at working conditions on board a bulker recently detained by the Australian Maritime Safety Authority in Gladstone. Maratha Paramount (IMO 9561344) was detained by the regulator on October 7 and October 10 on grounds of deficiencies with wages (non-payment) and cleanliness.

According to AMSA, an inspection of the bulker revealed several deficiencies. "An AMSA surveyor inspected the ship at 12pm on Friday October 7 after receiving a complaint from the International Transport Workers Federation," the spokesman said. "As a result of the inspection, AMSA issued the vessel with two deficiencies including failure to pay crew their required wages for August and September and unclean common sanitary facilities.

"Failure to pay crew their required wages is a breach of the Maritime Labour Convention and a detainable deficiency under Australian law." The detention was lifted at 10.15pm on Monday October 10 after the detainable deficiencies were rectified and a rectification action plan put in place to ensure future compliance. The Maratha Paramount is now in Newcastle and AMSA is set to do a follow up inspection while the ship is at anchor.

The vessel had been chartered by Pacific Aluminium (a Rio Tinto subsidiary), to carry a cargo of alumina from Gladstone to Newcastle on a single voyage permit. International Transport Workers Federation (ITF) regional inspector Dean Summers said at the time of the detention the crew (from India) had not been paid since the end of July and had to endure brown drinking water. However, they have since been paid up until the end of September, he said. Mr Summers said delayed payments had a flow-on impact.

"This affects not just the 22 crew but their families and communities back in India." According to Lloyd's List Intelligence, Chowgule & Company is the owner and commercial operator of the ship, while Sea King LLC is the registered owner and ASP Ship Management (India) is the technical manager. ASP Ship Management has links with the ship management and crewing business ASP in Australia, the latter choosing not to add anything to this story. Mr Summers, in any case, sought to blame Pacific Aluminium and Rio Tinto. "They (Rio/PA) have to take a better attitude," he said. A Rio Tinto spokesman indicated they considered the matter closed.

"The matter was resolved two days ago and the ship has sailed to Newcastle," he said. Sources within Rio indicated Pacific Aluminium raised the matter with the ship owner and manager, once they were alerted to potential issues, arranging additional food and water supplies.

Source: **Lloyds List**
<http://bit.ly/2dWRNuW>





Shipping Condition Rules Set To Raise Fuel Costs

CHINA's rapid implementation of emission control areas at its ports will boost demand for cleaner marine fuels, and subsequently raise fuel costs for owners at a time when most shipping companies are struggling to survive. Shipowners will have to find ways to accommodate higher bunker prices and decide whether certain trades are still feasible and whether they still want to do them, Hong Kong Shipowners' Association managing director Arthur Bowring said in an interview.

"There comes a time when you do not take the cargo and when you find another way to occupy your ship or to lay it up," he said, adding that shipping markets will find their own equilibrium, whatever the higher fuel costs are. Mr Bowring said the best way to lose the least amount of money was to refuse to do the business and, if enough owners refused to do the business, the rates would have to rebound to compensate for the increased bunker cost. "You must only do the business that gives you the return that you want on your ship," he said.

In late 2015, China made an unprecedented move by laying out the roadmap for cleaner marine fuels, as the International Maritime Organization approaches its decision on when to tighten global low sulphur caps for ships. China said it would limit sulphur emissions to 0.5% for all ships operating within the emission control areas in the three port regions by January 1, 2019, with the scope for tighter specification going forward. China is home to seven of the world's top 10 container ports and handles 30% of the world's containers every year. "The ships are complying, and they are complying because they need to do the business with China," Mr Bowring said.

He said the port of Hong Kong had already moved towards low-sulphur fuels, with a voluntary agreement among shipping companies to switch to 0.5% sulphur at berth, under the Fair Winds Charter in 2011-2012. This was supported by legislation that came into force in July 2015, resulting in a 50% reduction in average concentrations of SO₂ downwind of container terminals.

The Chinese government is very impressed with the work of Hong Kong to reduce shipping emissions, which resulted in its own domestic emission control areas being launched, Mr Bowring said. While the IMO's ruling on global sulphur caps will be largely a political decision by members, the Chinese government is being pushed by desperation to clean its environment, due to which 16 out of the 33 major targets in its five-year economic plan up to 2020 concern the environment.

A key benefit of China's domestic ECAs is that it reduces disparities between different ports and creates a level playing field for vessels arriving from different regions. "No one port is less competitive than another. A carrier will not have to pay more money going into one port than going into another port," he said. Since April 1, vessels calling at Shanghai port have been required to use maximum 0.5% sulphur fuel at berth and, since October 1, the rule has also been applicable at Shenzhen port.

Source: **Lloyds List**
<http://bit.ly/2dlmjLh>



The Future of Australian Sheep Exports



In September, ANZ released their agricultural report on the Australian Sheep Industry, comparing it to the trends of the golden age of Australian Sheep exports and the predicted diminishing of the industry in the next 3 decades. Back in the early 1900s, the Australian economy rode "On the Sheeps back". While today we still retain a considerable hold on the market (taking place as the worlds leading wool producer and only second to china in the production of lamb and mutton), it appears that the demand of the production will take a much more complicated route in the coming future.

For a considerable time now the demand of sheep meat has grown much faster than the demand for wool (as it continues growing in value). Agricultural practices have clearly helped encourage keeping wastefulness limited, with a reduction in flock by 100 million in the last forty years, while meat production has risen 6.6 kgs in the last 2 decades - as the genetics of the flock targets more meat per head.

The demand for sheep meat will continue to grow with the economic growth of developing nations - which could potentially result in a 21% increase in global supply, however other meat demand will grow exponentially higher, with the supply of beef looking to grow 33% in the same time. The growth in this period for sheep meat is looking to be strongest in Asia, where lamb is only second to poultry, however demand is expected to fall in Europe and drop in growth in America. Interestingly, however the value of sheep meat is looking to grow 30%, as opposed to other meats such as chicken which will only grow 9.8% in value.

The problem with the future of sheep exports will be in regard to wool (previously a strong source of export in Australia), will grow minimally, exponentially unmatched to the meat. On the plus side however the value of wool is looking to increase which should help keep the profitability of sheep farming considerable for the next two decades.

According to the report, Sheep farmers ultimately have a 1.2% better rate of return on equity compared to beef farmer. However, the most profitable agricultural direction for farmers will actually be a mixed operation specialising in rotations between Wool, Beef, Lamb and Wheat.

Source: **Lloyds List**
<http://bit.ly/2eH4zza>



Be Aware Asbestos You Can

ASBESTOS is the topic of the day for licenced customs brokers and freight forwarders, especially now that the Hanjin crisis has steamed away from Australian shores. At the recent Customs Brokers and Forwarders Council of Australia National Convention in Melbourne asbestos was a hot one.

Australian Border Force superintendent trade & goods operational policy Alison Watson addressed some concerns about the ABF's expectations of brokers and forwarders.

Ms Watson said the ABF expects importers to undertake adequate assurance measures to demonstrate that goods that are known asbestos risks don't actually contain the substance. "We've been asked: What does adequate assurance mean - what does it look like? Our online fact sheet contains that information," she said before giving several examples of what it might look like. "Adequate assurance can be provided by way of supporting documentation, and what that documentation is and the level of information that is in that documentation will be guided by the risk of the goods containing asbestos," Ms Watson said.

"I would love to provide you with a checklist, but unfortunately there is no checklist in the fact sheet." "The documentation that you obtain as a customs broker (or that your importer obtains) needs to contain an understanding of what makes up the product: What the components are, what the ingredients are, what is the manufacturing supply chain process for the goods, what are the measures that the supplier or the manufacturer has put in place to ensure that goods are not contaminated with asbestos." Ms Watson went on to say the documentation could include things such as safety data sheets, ingredients lists, information about the supply chain and quality assurance processes that are in place. Ms Watson acknowledged the difficulties in ensuring imported goods contain nil asbestos while other countries may allow varying amounts of the substance in manufactured goods.

"Australia is one of the few countries that has an absolute band on asbestos. This puts us in a little bit of a challenging position, and we recognise that." She continued, saying the ABF has ramped up efforts on managing the importation of asbestos. "We have significantly increased our operational and strategic focus on the import of goods that pose a risk of containing asbestos, and we are taking an intelligence-led, risk-based approach," Ms Watson said.

"A list of the goods that have a high risk of containing asbestos is available on our website, and I encourage you to look at that and share that information with your clients." We are continually reviewing and refining the goods that we are targeting for asbestos. Things might change, our approach might change over time.

"Please continually look at the website, in particular the list of high risk goods because we will continue to refine this." Ms Watson continued, saying the ABF encourages importers to implement contractual obligations with suppliers that specify nil asbestos content and to test samples of the goods before shipment, and also to undertake regular risk assessment and quality assurance processes.

"These processes should take into account things like what the raw materials are that are used in the manufacturing process, who is involved in the supply chain and where they source their raw materials, and then identifying and minimising asbestos risk activities at the point of manufacture" she said. "If we do suspect that goods involve or include asbestos, the goods will be held and they will be examined. As part of that examination the importer might be required to arrange for testing and certification." "Be aware of the import prohibition. Make your clients aware of the import prohibition."

Source: **Lloyds List**
<http://bit.ly/2ek8jCq>





Whooping Tobacco Seizure for ABF

INTERESTING NEWS

MORE than 750 kilograms of illicit tobacco was seized by the Australian Border Force last week, which had a potential street value of up to \$210,000, and represented up to \$664,000 in duty evaded, according to a statement.

The ABF confirmed to Lloyd's List Australia that the tobacco shipment was a sea cargo consignment. ABF officers targeted a consignment that arrived from Indonesia for inspection on October 4 and found the boxes, labelled as "Aromatherapy Incense", contained more than 490 kilograms of Al Fakher brand molasses tobacco.

On October 6, ABF investigators executed warrants on commercial premises in the Perth suburb of Wangara and a residence in Lansdale. Following the execution of these warrants, investigators seized a further 262 kilograms of tobacco.

ABF Investigators are considering additional charges connected to the possible importation of a further 1859 kilograms of molasses tobacco with an estimated street value of \$520,000.

A 44-year-old man is to be summonsed to appear in court after the operation.

ABF Commander Immigration and Customs Enforcement, Anthony Seebach, said the illicit importation of tobacco is a deliberate and dishonest attempt to defraud the Commonwealth of legitimate revenue. "The ABF will continue to actively investigate and work to stop tobacco smuggling at the border," he said.

"This seizure sends a strong message to anyone who thinks they can smuggle tobacco into Australia - you will be caught." The ABF urges anyone with information about the illicit importation of tobacco to call Border Watch on 1800 06 1800, where information can be given anonymously.

Source: **Lloyds List**
<http://bit.ly/2dgXUvd>





China News Bad For Bulk

Dry bulk shipping's hopes of a recovery as it struggled to suppress excess supply were evaporating with demand seemingly shifting in the wrong direction for shipowners, an industry conference in Greece was told.

"This is dry bulk shipping's 'Wile E. Coyote Moment'", said Hellenic Chamber of Shipping president George Gratsos, invoking the cartoon character, that so confident a moment earlier, plunges off a sheer cliff.

At the heart of the "not very happy news" for the industry was a historic rebalancing of the Chinese economy that last year (2014) accounted for 43% of demand for shipping of major dry bulk commodities.

Many forecasts of Chinese growth in the last few years, included those of the International Monetary Fund, had got it "completely wrong", said Mr Gratsos.

Big Ideas Dominate Launch of Infrastructure Victoria

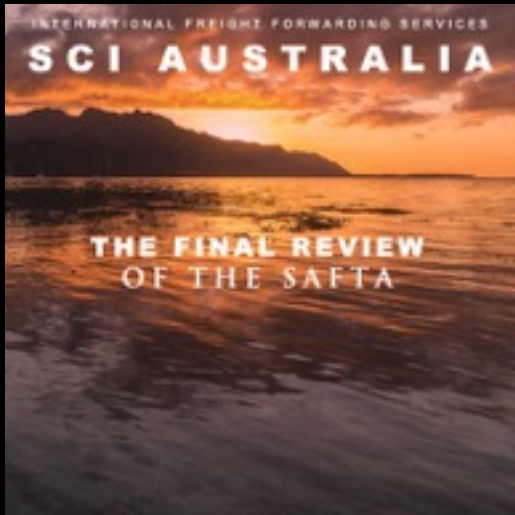
In an echo of Mao Zedong's "let 1000 flowers bloom", Victoria's new infrastructure czar, Jim Miller, talked of a "contest of ideas" in determining future priority projects for the state. Mr Miller had been appointed inaugural chairman of Infrastructure Victoria, with responsibility for developing a 30-year infrastructure strategy for the state. The creation of IV and the appointment of Mr Miller were largely welcomed by industry, although there were some grumbles as to how much independence the new body will enjoy.

"The development of the 30-year infrastructure strategy will be a con-test of ideas that we encourage everyone to get involved in," Mr Miller said in a statement. "Infrastructure Victoria will provide independent and expert advice on infrastructure matters but it will not be the font of all knowledge. "To develop a long term strategy that maps out the best way to deliver the best projects at the best times will require input from stakeholders, business, industry and the community." Infrastructure Victoria was formally established at that time, with the Infrastructure Victoria Act 2015 and appointment of the board. The seven-member board comprised of Jim Miller, Maria Wilton, Professor Margaret Gardner AO, Ann Sherry AO, Chris Eccles, David Martine and Adam Fennessy, while a search was underway for a chief executive. Mr Miller said the board was excited to be leading a new approach to infrastructure planning.

Source: **Lloyds List**
<http://bit.ly/2ealtCi>



The Final Review Of The SAFTA




On the 13th of October, Minister for Trade, Steven Ciobo MP together with his Singaporean counterpart Lim Hng Kiang signed 3rd Review of the Singapore-Australia Free Trade Agreement, formalising the end of the review period for the FTA and the announcement of the FTA by PM Malcolm Turnbull on the 6th May, this year.

The agreement of the FTA, which will be put into practice after each countries domestic treat process documentations are signed, is a continuation of 2003 FTA with Singapore with the major amendments pertaining to government safeguards in the cases of Investor-State disputes, the elimination of all tariffs, easing of wholesale banking licence restrictions and the easing of residency requirements for Australian's in Singapore from 1 to 3 months.

Currently Singapore stands as the 5th largest source of investment for Australia (contributing to \$98.6 billion in 2015), Australia on the other hand is Singapore's number exporter of gold and exports \$1.71 billion worth of professional, technical and other business services to Singapore.

Source: **SCI Australia**
<http://bit.ly/2dUE2f9>



Singapore Commences 2016 Maritime Training

SINGAPORE's port authorities have kicked off this year's Maritime Public Leaders' Programme, which aims to promote global maritime leadership development.

Launched in 2011 by the Maritime & Port Authority of Singapore's training unit, the MPA Academy, this year's programme is jointly organised with Nanyang Technological University and supported by the Ministry of Foreign Affairs via the Singapore Co-operation Programme.

The programme has trained more than 110 senior maritime officials from some 50-plus countries to date.

Taking place from Monday to Friday this week, the programme targets director-level senior executives at maritime administrations worldwide, with the 2016 cohort comprising 26 new participants from areas such as Asia, Africa, the Caribbean, Latin America, Middle East and Oceania.

The executive programme will deal with topics such as port planning and management, shipping economics and finance, maritime law and security, public leadership and governance. Participants will get the opportunity to attend these learning sessions hosted by industry experts and key maritime figures, visit maritime facilities, attend the twice-yearly Singapore International Bunkering Conference and Exhibition and network with other industry players.

"With more training programmes in the pipeline, MPA is committed to reach out to all member states of the International Maritime Organization," said MPA chief executive Andrew Tan.

"Running for six consecutive years, platforms like the MPLP will help foster developmental leadership, and are designed to advance the skillsets of leaders. The programme will build on existing capacities to help participants take the lead to effect successful change."

MPA Academy focuses on enhancing specialist skills and knowledge of MPA officers and to conduct flagship training programmes for overseas port and maritime officials, which includes supporting the training requirements of the IMO as a council member.

Source: **Lloyds List**
<http://bit.ly/2dHgRU9>



HOW GOOD IS YOUR **TRIVIA KNOWLEDGE?**

1. 70s Pop sensation ABBA originated from which country?
 - a) Sweden
 - b) Germany
 - c) Holland
 - d) Australia

2. How many furlongs are in a mile?
 - a) 1
 - b) 2
 - c) 8
 - d) 14

3. How many people have walked on the moon?
 - a) 3
 - b) 12
 - c) 16
 - d) 22

4. Which animal was incorrectly reported to bury its head undersand?
 - a) Giraffe
 - b) Zebra
 - c) Antelope
 - d) Ostrich

1) a 2) c 3) b 4) d



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' (Melbourne)

Mark Hingston (Brisbane)

Thank you for continued support.
SCI Australia Pty Ltd

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