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SHIPPERS CALL FOR ASIA-PACIFIC LINER CONFERENCE BAN

Shipper groups, extending their drive against collective ocean carrier actions, are calling on regulators in the Asia-Pacific region to follow Europe's lead in banning liner conferences. "The remaining immunities from antitrust rules hurt Europe's competitors as much as they hurt us," Nicolette van der Jagt, Secretary General of the European Shippers' Council, said in an interview. "Shipping is international by nature, and international trade relies on it being able to flourish and respond directly to the needs of trade, not to [line's] own or collective ambitions." The plea came after the International Chamber of Shipping urged New Zealand's Productivity Commission to maintain its exemption of liner practices such as conferences and consortia agreements from the competition provisions of the New Zealand Commerce Act. The commission is conducting an inquiry into the performance of international freight transport sector in New Zealand. The ICS asked the Commission to "take full account of the recognition given by other competition authorities" to the benefits of liner conferences and consortia. The ICS also stressed that New Zealand's current exemption was in line with the policies of Australia, the United States, China and other Far Eastern countries. "Consortia and conferences allow shipping services to cope better with the severe and sudden imbalances in trade flows that are a feature of global shipping markets, including intense seasonal fluctuations," the ICS said. The chamber said liner cooperation helps them to commit to long-term investments needed in the high-value asset industry. "Whatever might be decided for reasons of national competition policy, ship operators trading to and from New Zealand are part of a global shipping market. The various maritime competition rules that apply in the Asia Pacific are currently broadly in alignment," the ICS said.

BOEING PROJECTS CHINA WILL NEED 400 FREIGHTERS BY 2030

China's airfreight market will only grow in the coming decades, Boeing officials recently predicted. Although the Asian nation already leads the world in cargo growth, China will demand 400 new freighters by 2030, representatives for the aircraft manufacturer projected. Jumbo-sized freighters, such as Boeing's 747-8Fs and 777Fs, will be the most in demand aircraft, company officials anticipate. In addition to requiring 400 freighters, China will also need 5,000 new commercial airplanes by 2030, a Boeing spokesman said. The aircraft, valued at $600 billion, will help China take advantage of its booming tourism sector and double-digit economic growth. In terms of commercial aircraft demanded, Boeing officials anticipate small and medium-sized, twin-aisle planes, such as its 777 series, accounting for more than 40 percent of future deliveries to China. Narrow-body aircraft will also have a place in China's aviation sector however, with company representatives projecting deliveries of these planes to reach 3,550 by 2030.

INSIDE

ABS REVEALS PATTERNS OF BOX MOVEMENTS

More than 85% of all containers shipped to Australia's biggest ports were discharged within their respective states according to new figures compiled by the Australian Bureau of Statistics (ABS). About 90% of all containers imported to Sydney Ports in 2009-10 were distributed to suburbs in New South Wales or ACT. 88% of all containers arriving in Melbourne were delivered to areas within Victoria and 90% of Adelaide's containers were sent to postcodes in South Australia. 92% percent of all containers shipped to Fremantle Port and Brisbane Port were distributed within their respective states. Sydney suburbs of Smithfield, Wetherill Park and Woodpark were among the top destinations (20%) for all containers arriving in Sydney, the postcodes of 3175 (which include Dandenong, and Duneran) received a fifth of all Melbourne's containers while 18% of Brisbane's volumes were delivered to postcodes including Wynnum and Lytton. About 30% of all containers at Adelaide's port were delivered to postcode 5013, which includes the suburbs of Rosewater and Ottaway and 19% of all Fremantle's load were distributed to suburbs including Cloverdale and Kewdale.

RECORD EXPORT EARNINGS FORECAST IN 2011-12

Australia's resources and energy commodity export earnings are forecast to reach a record $215 billion in 2011–12, according to the Resources and Energy Quarterly – September Quarter 2011, released by the Bureau of Resources and Energy Economics (BREE). "The 21 per cent increase in resources and energy export earnings reflects strong increases for most commodities including coal, iron ore, oil and gas, base metals and gold" said Professor Quentin Grafton, BREE's Executive Director and Chief Economist. The growth in earnings in 2011-12 is forecast to be underpinned by increases in export values for: iron ore (up 26 per cent to $68 billion); metallurgical coal (up 29 per cent to $37 billion); gold (up 47 per cent to $19 billion); thermal coal (up 29 per cent to $18 billion); crude oil and condensate (up 13 per cent to $13 billion); and liquefied natural gas (up 11 per cent to $12 billion). Export volumes for the majority of minerals and energy commodities are forecast to increase. "The increase in export volumes for many minerals and energy commodities reflects increased mine and infrastructure capacity, particularly for iron ore and coal," said Professor Grafton. In 2011-12, increases in export volumes are forecast for: gold (up 12 per cent to 338 tonnes); metallurgical coal (up 11 per cent to 156 million tonnes); iron ore (up 10 per cent to 449 million tonnes); thermal coal (up 8 per cent to 155 million tonnes); and copper (up 12 per cent to 950 000 tonnes). However, prices are forecast to ease for a number of commodities reflecting assumed weak economic growth, particularly in North America and Europe. Prices for iron ore, metallurgical and thermal coal, aluminium and nickel are forecast to decrease in 2012 compared with 2011. "While prices for a number of commodities are forecast to ease in 2012, it should be noted that in some cases they are coming off record high levels and still indicate a very positive outlook for the industry," said Professor Grafton.

MORE CONSISTENCY NEEDED FROM LINERS

A leading shippers' representative has told container lines they need to adopt a "more consistent approach" on pricing strategies. "The rationale changes from year to year; one year the carrier focuses on operating costs, the next year the focus is on market share," Global Shippers' Forum Secretary-General, Chris Welsh, told the International Chamber of Shipping annual conference in London. Mr Welsh, who based his speech on a straw poll of top global shippers, said: "Numerous responders said they wanted prices to be based on costs, while carriers should be more open and transparent about their cost-base, and outdated cost elements such as BAF and CAF should be removed, as exposure to these risks can be managed." He said shippers would like regular discussions on service schedules, transit times and slow steaming in order to improve schedule reliability. "Carriers give the impression they are primarily concerned about port-to-port operations; they don't think or understand they are part of a wider, total supply chain or that the container or cargo also undertakes inland journeys," he said. "In other words, they don't really understand customers' total supply chain needs, or give the impression of being disinterested."

ITF SEES SLOWING FREIGHT DEMAND

The latest global freight data collected by the International Transport Forum from the Organisation for Economic Co-operation and Development (OECD) through June 2011 highlights concerns over economic recovery as follows:

- Freight volumes indicate a marked macro-economic slowdown. External trade by sea in the EU and the USA is stabilising below pre-crisis levels (-3 per cent and -4 per cent), while trade by air declined in the EU (falling from 15 per cent to 9 per cent above pre-crisis);
- The risks of dependence on Asia-led global growth are exposed. Both US and EU exports by sea to Asia have declined since February 2011, measured in tonnes of goods moved. Trade by air with China declined both for the USA and the EU, possibly

indicating a slowdown in demand from the world's engine of recovery.
- Further slow growth in inland freight transport volumes continued to contribute to the sense of weak recovery in domestic demand.

Total trade with ASEAN countries by air and sea declined for both regions. Only trade with India seems to have resisted an otherwise downward trend.

ANOTHER TRADE SURPLUS WITH ASIA

Australia recorded a trade surplus of $1.8 billion in July 2011, the fifth monthly surplus since floods and other weather-related disruptions led to a small deficit in February. Australia's engagement with its regional partners underpinned the solid performance in July. Exports to East Asia have surged during the past 12 months, with shipments to China up 35 per cent, Korea up 27 per cent and Japan up 23 per cent. "Australia's export success with Asia hasn't been the result of good luck but of good management over the last quarter century," Trade Minister, Craig Emerson, said. According to the Australian Bureau of Statistics, exports for July slipped 1 per cent, to $26.1 billion, compared with June. Imports were also down about 1 per cent, at $24.3 billion, although a 3 per cent increase in the importation of capital goods such as machinery and telecommunications equipment pointed to expansion in productive capacity. "An uncertain global economic climate, together with the strong Australian dollar, present formidable challenges for Australian exporters," Dr Emerson said. "On the whole our exporters are succeeding despite having to bear these burdens," he said. "Australia's bulk commodity exports are continuing to recover from the effects of natural disasters on production and port facilities at the start of this year," Dr Emerson said. Despite this, volume shipments from the main coal terminals remain about 12 per cent below their 2010 average. Manufactured exports rose 6 per cent in July. Metals - excluding gold - rose 18 per cent, while other major manufacturing export categories were steady.

ACCI - TEST POLICY AGAINST PRODUCTIVITY IMPACTS

The Australian Chamber of Commerce and Industry has called on the Australian government to test new regulatory proposals against their impact on productivity and competitiveness, in a bid to arrest sliding business confidence. ACCI Chief Executive, Peter Anderson, also called for the 18 carbon tax Bills to be defeated or deferred given the negative impact the tax will have on industry competitiveness and jobs in manufacturing. Mr. Anderson also reaffirmed ACCI support for national harmonisation of OHS laws by 1st January, urging governments to resolve outstanding matters and negotiate transitional arrangements where needed. "To business, I say that we should keep supporting harmonisation without giving governments or regulators a blank cheque. To the States, I say that you should work inside the process to ensure that legitimate issues about the content of regulation do not deflect from the genuine need to get harmonisation over the line by 1 January. To the Commonwealth and its regulators, I say that too much ambition on either the amount of regulation to be included in the harmonisation package or too much inflexibility in the dates of operation for codes of practice could be damaging to the process." "Acting unilaterally to remove one of our historical competitive advantages, low cost energy sourced from our abundant coal supplies, by placing a carbon tax on our economy is a mistake…Whether for reasons of technology or cost, if behaviour does not or cannot change then the tax operates as a tax, not as a solution to global warming. It becomes a costly feel-good exercise, one of well-meaning futility." "The COAG regulatory reform agenda is important to the plastics and chemicals industry...Progress has been made with the Australian government on some regulatory issues, including dangerous goods regulations, the NICNAS plans for chemical screening, and the review of NICNAS announced by Minister, Nick Sherry, and Parliamentary Secretary, Catherine King...Sometimes views that come from regulators and the bureaucracy can be well meaning in their own right, but when coupled with the totality of the regulatory burden that a single business has to bear, are quite another story."

NEW TCF SUPPLIER ADVOCATE APPOINTED TO BOOST INDUSTRY

Australia's textile, clothing and footwear (TCF) manufacturers will get a helping hand to compete and succeed in local and global markets from the Gillard Labor Government's new TCF supplier advocate, Mr Tony Quick. Announcing the appointment of Mr Quick, Innovation Minister Senator Kim Carr said Mr Quick, an expert in international business development and management, will champion local textile, clothing and footwear (TCF) firms at home and abroad as part of the Government's $8.2 million Supplier Advocate program. "The TCF industries employ more than 45,000 workers nationally and underpin regional economies around the country," Senator Carr said. As TCF Supplier Advocate, Mr Quick will work closely with the TCF Industries Innovation Council, unions, industry and Enterprise Connect. Together they will promote and showcase Australian industry capabilities, help local industry to be competitive and champion supply chain development activities. Mr Quick has recent experience implementing a continuous improvement culture within defence supply chains and is acutely aware of the barriers Australian manufacturers face in winning business and investing in innovation.

PBLIS OPERATIONAL PERFORMANCE SYSTEM

As August drew to a close, Sydney Ports prepared to go 'live' (on 1 September) with its new Operational Performance System (OPS), supplying the IT support for the objectives of the Port Botany Landside Improvement Strategy. These objectives are to increase the efficiency, consistency, and transparency of the Landside Interface at Port Botany. Over the last 11 months, a leading US port terminal software developer Advent Inc. has been engaged to work with the PBLIS team to develop an operational performance system. The OPS integrates the stevedore's processing data and the carriers' truck tracking data, to provide an independent and comprehensive data record of the operations of the landside interface. The OPS will deliver a number of outstanding benefits to carriers and stevedores. These include:

- an independent data source;
- truck tracking;
- information to assist with traffic and congestion management;
- transparency and visibility for carriers and stevedores; and
- user capable reporting and online training.

Chief Executive of Sydney Ports, Grant Gilfillan, said that in an earlier phase in May this year, the truck tracking system at Port Botany went 'live'. "This allowed us to independently capture the movements of each truck within the port precinct as well as the truck turnaround times, which is a key component of the operational performance measures which governs the service levels of both truck carriers and stevedores at Port Botany," Mr Gilfillan said. "Now, as at 1 September, the new automated Operational Performance System is up and running." Advent Inc has a proven track record of implementing solutions for large scale port and terminal operations, and has built similar solutions for the Port of Los Angeles, the Port of Long Beach and the Port of New York, amongst others.

AUSTRALIA'S RANKING SLIPS

"Australia has fallen four places to be ranked 20th out of 142 countries in the World Economic Forum's (WEF) 2011-12 Global Competitiveness Index (GCI) rankings," according to Australian Industry Group Chief Executive Heather Ridout. "The drop in Australia's competitiveness ranking from 16th position last year to 20th this year was partly due to other countries moving faster than Australia and Australia lagging behind the top performers of the GCI on key issues such as innovation (22nd) and labour market efficiency (13th), critical drivers of competitiveness for advanced economies. "Our most highly rated advantage is our efficient financial system (6th), supported by a banking sector that counts among the most stable and sound in the world, ranked 4th. It is also pleasing to see us taking number 11 position in both the health and education areas. "Australia's macroeconomic situation is considered satisfactory by the World Economic Forum in the current context (26th), especially when considering the difficulties many other economies face in this area. "However, as in previous years, we have made little progress on improving our infrastructure rating, which is down from 22nd to 24th position. "This is another wake up call for Australia. We cannot be complacent about our performance in key areas such as innovation and we cannot ignore the need to continue to improve our labour market efficiency," Mrs Ridout said.