



**Famous Pacific Shipping  
(WA) Pty Ltd.**

# NEWSLETTER

APRIL 2011

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## PATRICK NATIONAL INDUSTRIAL ACTION

The Customs Brokers and Forwarders Council of Australia Inc (CBFCA) has received advice from Patrick management that they are in dispute with the Maritime Union of Australia (MbU) in terms of the workplace Enterprise Agreement currently being negotiated. Industrial action will impact on all Patrick terminals nationally. Initial indications are that "bans and limitations" will commence from Saturday 9 April which we understand may impact on the ability of Patrick to effectively service both ship and landside operations. The CBFCA also understands that there will be a 24 hour "stop work" action from 0600 Monday 11 April 2011.

### STORAGE

Patrick have confirmed that that they will extend vessel availability to cover the normal three (3) days before storage would be incurred and that vessel receipts that are affected in this period will also be adjusted. The CBFCA understands that an official notice from Patrick will be disseminated later today.

### CONTAINER DETENTION

The CBFCA has contacted with Shipping Australia Limited (SAL) in context of the industrial action requesting that shipping lines also show leniency in container detention processing to allow for the period whereby containers are unavailable for collection from the terminal.

NOTE - the CBFCA also made reference to the fact that most empty container parks will not operate during the upcoming extended Easter / Anzac day break expressing a view that container detention periods should also be extended during this period of time. The CBFCA anticipates that SAL will forward these concerns to their members. Based on past experience, it is likely that each shipping line will respond by stating that they will determine policy on a "case-by-case" basis.

## WORKING ARRANGEMENTS FOR EASTER PERIOD 22nd APRIL THROUGH TO 26th APRIL 2011

Public Holidays: Good Friday April 22nd, Easter Monday 25th April & Anzac Day 26th April

As Easter Monday and Anzac Day are classified Normal Working Days it will leave one day only to clear all cargo before storage commences. Therefore it will be a requirement for road carriers to work at least one of these two days.

### Rates to apply as follows:

Direct Delivery to Client: Your normal rate - Plus levy of \$48.00 per container Via Depot (If Client not receiving, this will include Tailgate & Fumigation):

- All containers \$151.00 per container including lifts.

- All prices quoted are GST exclusive:

Famous Pacific Shipping will not be responsible for any port storage or empty container demurrage.

## CARRIERS FACE RENEWED CONTAINER SHORTAGE

Ocean carriers face a shortage of containers in the coming months as production of boxes lags growing cargo capacity, according to Alphaliner. The box-inventory-to-vessel capacity ratio will drop to 1.99 by the end of the year from 2.03 in 2010, the Paris-based analyst forecasts. This is the lowest ratio on record and compares with the capacity ratio of 2.99 boxes per slot in 2000. Back haul shippers from the U.S. and Europe will be hit hardest by the box shortage as carriers will need to quickly return empty containers to high demand locations in Asia, Alphaliner said.

Ocean carriers and freight forwarders are also predicting a shortage of boxes later in the year will drive up freight rates, mirroring the situation last summer when lines responded to a dearth of equipment by imposing peak season surcharges of up to \$750 per 20-foot container on the Asia-Europe trade. Over the past decade the global inventory of containers grew 6.9 percent annually while the container ship fleet increased 11.1 percent per year.

Container manufacturers also ceased production of standard boxes in 2009 to focus on reefer and specialized equipment. The imbalance has stabilized since July, according to Alphaliner, as container manufacturers resumed production and carriers halted the scrapping of older equipment.

## SHIPPING COMPANIES FROM RED TO RECORD BLACK

Hapag-Lloyd has reported record results for 2010, recovering from its loss a year earlier. The German container line posted operating earnings before tax, interest and depreciations recovering to EU 904m (\$1.25bn) compared with a loss of EU 103m a year earlier. Cargo volumes increased 7% to almost 5m TEU, while freight rates averaged \$1,569 per TEU, an increase of 25% from \$1,238 in 2009. Group revenue climbed to EU 6.2bn in 2010, an increase of 39% from a year earlier.

The company's result improved from a loss of EU 603 into a profit of EU 583m, a positive swing of nearly EU 1.2bn. The company said it had been able to capitalise on the "positive industry dynamics", leading to a record year in terms of profitability. It said its performance was supported by a stronger than expected recovery in the global economy and world trade as well as the better business environment.

CMA CGM earned \$2.5 billion before interest, tax, depreciation and amortization in the year, equivalent to a margin of 17.6 percent, one of the industry's highest. This compares with a \$667 million loss in 2009.

The number of containers transported increased 15 percent to 9.04 million 20-foot equivalent units from 7.88 million TEUs in 2009. All markets grew strongly through the year with the Asia-Europe and intra-Asia lines enjoying record business. The Asia-U.S. trade has now returned to pre-recession levels after being severely impacted by the decline in world trade. CMA CGM took delivery of 20 new ships in 2010, of which 12 are owned. Of the owned ships, eight have more than 11,000 TEUs capacity. The company said it expanded capacity 17.7 percent in 2010 to take an 8.6 percent world market share.

## TRIPLE-E CLASS TO ALTER PORT AND LINE DYNAMICS

Arrival of 18,000 TEU ships will create a 'cascade effect' and lead to more demanding contracts, APM Terminals Chief Executive, Kim Fejfer, has predicted. Mr Fejfer believes that the relationship between port and container lines will change with the arrival of the Maersk Triple-E class in 2013 and 2014.

The contract for the ships sends a signal "regarding deep water ports and berths, crane equipment and general ability to produce higher berth productivity", Mr Fejfer said. He said it will have a "direct impact on the Asia-Europe trade, but there will be a cascading effect throughout other trades.

In general, we will see bigger vessels in all trades over time, as a consequence of larger vessels coming in from the top but also as a consequence of trade growth."

Cascade of tonnage, in Mr Fejfer's opinion, means that ports on those non Asia-Europe routes will become more important, and productivity, reliability and flexibility will become more important than price. Winners will be the port operations that are able to provide true value to the shipping lines, he added.

## US-AUSTRALASIA CARRIERS POST RATE INCREASE

The six member carriers of the U.S.-Australasia Discussion Agreement have announced a general rate increase that will take effect on April 15. The six carriers in the agreement are seeking an increase of \$100 per 20-foot container and \$200 per 40-foot container for both dry and refrigerated shipments moving from the U.S. to ports in Australia and New Zealand. USADA members include CMA CGM, Hamburg Sud, Hapag-Lloyd, Marfret, Maersk Line and US Lines.

## MAERSK LINE HOLDS NO.1 SPOT

Maersk Line's recent order for 10 ships with capacities of 18,000 20-foot equivalent units apiece cements its position as the world's largest container line, according to Alphaliner. Maersk's No.1 position was briefly in doubt in recent weeks, because of what Alphaliner said were "inaccurate reports" that it had slipped behind Mediterranean Shipping Co. into the No.2 slot.

The Paris-based container analyst said the confusion arises because of Maersk's tendency to under-declare the actual loading capacity of its largest ships. The A. P. Moller-Maersk Group currently operates total capacity of 2.18 million TEUs, compared to MSC's 1.92 million TEUs.

Alphaliner said even without the consolidation of A.P. Moller-Maersk's subsidiaries (Safmarine, MCC Transport and OACL), which operate a total of 215,000 TEUs, Maersk Line currently operates 1.96 million TEUs on its own, which places it ahead of MSC's operated capacity by 54,000 TEUs.

Maersk's order for the 10 18,000-TEU containerships increases the size of its containership orders from 317,000 TEUs to 497,000 TEUs, according to Alphaliner figures, with a further 360,000 TEUs in the pipeline if the options for 20 additional units are exercised. Since its acquisition of P&O Nedlloyd in August 2005, Maersk's market share has been gradually eroded. Over the past five years, its market share has fallen from a peak of 18.3 percent following the PONL acquisition to 14.5 percent currently.

## TAXPAYERS LOSE \$1 BILLION WHILE CRIMINALS MAKE MILLIONS

A Deloitte report into illegal tobacco in Australia has revealed taxpayers are losing out on almost \$1.1 billion in excise revenue as the illegal tobacco market grows rapidly. The report estimated that 2.68 million kilograms of illegal tobacco products were sold in Australia during 2010, equivalent to 15.9% of the total legal tobacco market. Organised crime gangs importing loose leaf tobacco, counterfeit and contraband cigarettes are now the fourth largest tobacco player in Australia just behind Imperial Tobacco which holds 17% of the legal market.

British American Tobacco spokesperson, Scott McIntyre, said the annual report highlighted the worrying upward trend in black market tobacco which pays no excise duty to the Government, is unregulated and often carries no health warnings. "It's alarming the illegal tobacco market has grown nearly 150% in just three years, from 6.4% of the total market in 2007 to 15.9% in 2010," Mr McIntyre said. "It seems when the Government increases price through excise, consumers look for cheaper alternatives, with the report revealing that lower price was a key reason 60% of people bought illegal tobacco products.

Key findings from the Deloitte report:

- Foregone tobacco excise revenue of approx \$1.1 billion
- Tobacco black market has grown from 6.4% to 15.9% since 2007
- Jump in illegal tobacco occurs concurrently with 25% excise increase in April 2010
- Increased trend of pre-rolling 'chop chop' into cigarettes and selling in unbranded boxes
- The number of smokers aware of illegal tobacco has grown to nearly 60%

The report also outlines the increase in border seizures made by the Australian Customs and Border Protection Service.



George, Sandra and all of us here at Famous Pacific Shipping hope you enjoy a well-earned Easter break and we take this opportunity to wish you and your families a joyous, safe and happy Easter.



### **Famous Pacific Shipping (WA) Pty Ltd.**

**INTERNATIONAL FREIGHT FORWARDERS - CUSTOMS BROKERS**

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