April 2020

About ICHCA – International Cargo Handling Co-ordination Association

The International Cargo Handling Co-ordination Association (ICHCA) is an international, independent, not-for-profit organisation dedicated to improving the safety, security, sustainability, productivity and efficiency of cargo handling and goods movement by all modes and through all phases of national and international supply chains. ICHCA International's privileged non-government organisation (NGO) status enables it to represent its members, and the cargo handling industry at large, in front of national and international agencies and regulatory bodies. Its Expert Panel provides best practice advice and publications on a wide range of practical cargo handling issues.

ICHCA Australia Ltd is proud to be part of the ICHCA International Ltd global network. To access past newsletters and other useful information go to the ICHCA Australia website at www.ichca-australia.com . The ICHCA international website is at www.ichca.com. To join ICHCA please contact Peter van Duyn, Company Secretary of ICHCA Australia Ltd at peter.van-duyn@ichca.com or telephone 0419 370 332.

Inside this issue

Corona virus update

ICHCA Australia has decided not to provide a regular update on the outbreak and progress of COVID-19 as the situation is developing so rapidly. Moreover, the federal and state governments as well as regulatory bodies provide regular updates on requirements for businesses and the general public. However, as an industry association closely linked to the logistics industry (in Australia as well as globally), we believe it is imperative for trade to not be impeded during this time to avoid shortages in the supply of goods, especially medical and food-related items. It is critically important that government policies ensure our ports and air, road and rail freight networks continue to operate safely and efficiently in the face of this pandemic. We applaud the efforts of all frontline workers in those industries who keep the flow of goods going in these difficult times.

ICHCA Australia AGM

ICHCA Australia Ltd. held its Annual General Meeting and a meeting of the ICHCA executive on Thursday 2 April. The meetings were held by video conference call in line with current practices of minimising personal contact.

Minutes and other relevant AGM papers are available from the Company Secretary, Peter van Duyn.

Screen shot of ICHCA directors hard at work.

New board member

At the recent board meeting it was decided to appoint Jamie Bradford as a new board member to replace David Bendall who retired last December.

Jamie is Director-Operations at Materials Management Group Ltd., based in Perth. Jamie has worked for over 40 years in the transport and logistics industry commencing with ships agency work and freight forwarding and progressing to the implementation and management of remote construction project supply chains, mainly in the resources sector.

Jamie is well travelled, having visited over 60 countries in a range of capacities, to meet with stakeholders including local communities, defence, government agencies, industry, port authorities and logistics service providers. Jamie demonstrates an ongoing commitment to the Australian logistics community as evidenced by past voluntary positions, including state chair of the Chartered Institute of Logistics and Transport Australia (CILTA) WA Section, Main Roads Western Australia Working Groups, and the Australian Chamber of Commerce and Industry Incoterms® 2020 Formation Group. Jamie's qualifications include accredited Certified Professional Logistician (CPL) and an MBA in Maritime and Logistics Management. His industry peers awarded him the CILTA 2012 Australian T&L Professional of the Year.

Chairman John Warda welcomed Jamie to the ICHCA board and looks forward to his contribution to ICHCA Australia Ltd, particularly in his home state of Western Australia.

Transport survey shows positive outlook

The Victorian Transport Association (VTA) and the waste management industries recently conducted a survey which indicated that the transport industry expects to survive the economic slowdown. The corona virus crisis has severely disrupted customers of transport operators, prompting the VTA to conduct the survey. While some transport sectors have remained strong, other sectors that rely on specific commodities and products have not fared so well. Food, export goods and hardware products are moving in increased volumes while milk, steel and cash-in-transit have slowed markedly.

Three-quarters of the surveyed group said they have not lost any customers since COVID-19 started to take hold and an overwhelming majority of operators indicated their relationships with customers had remained positive over this period. Looking at trading conditions, almost half of the survey participants expected an increase in international trade and exports in the coming months. It is encouraging to hear that another two-thirds said they planned to invest in new capital equipment before the end of the year.

Threat of container shortage

The availability of food-grade and reefer containers is likely to tighten as reduced demand for imports forces shipping lines to reduce services to Australia, Shipping Australia CEO Rod Nairn believes. In a recent statement posted online, Mr Nairn said there was clearly a reduction in forward import orders towards the end of this month and thus the likelihood of significantly reduced shipping volumes to Australia occurring after April.

“Shipping Australia expects that reduced demand for imports will force lines to reduce their services in order to survive,” Mr Nairn wrote. “This is likely to impact on the availability of equipment such as food-grade and reefer containers for export and on the availability of slots and reefer plugs for exports”. Mr Nairn called for the government to consider a subsidy for shipping lines and/or exports and imports, to ensure the continuity of shipping remained viable. He also called for the prompt return of empty containers.

CBFCA and AFIF to merge

The merger of the Customs Brokers and Forwarders Council of Australia (CBFCA) and the Australian Federation of International Forwarders (AFIF) is to take effect on July 1 2020. This follows a recent special general meeting of the CBFCA, where members unanimously voted in favour of creating a joint entity. The AFIF board previously endorsed the merger concept back in February. From 1 July, a new entity will exist called the International Forwarders and Customs Brokers Association of Australia (IFCBAA) Ltd., with an interim board comprising five directors from each of the two bodies.

New requirements for live sheep exports

THE Department of Agriculture, Water and the Environment is introducing new requirements for live sheep exports to, or through, the Middle East following the finalisation of a regulation impact statement (RIS) in March.

The changes will see improved animal welfare, with a focus on conditions to manage the risk of heat stress during the northern hemisphere summer (1 May to 31 October). This will apply from 1 May 2020 onwards.

Under the changes, Australian live sheep exports will not take place to, or through, the Middle East to any port from 1 June to 14 September. There are additional prohibited periods for Qatar (from 22 May to 22 September) and for Oman (from 8 May to 14 September). Additional conditions will also apply to voyages departing between 1 May and 31 October to manage the risk of heat stress in sheep. All voyages during the northern hemisphere summer must now be equipped with automated environmental data loggers, with the temperature and humidity recorded and reported to the Department.

Exporters will also be required to ensure sheep depart with the shortest wool length possible – not exceeding 25 millimetres. Voyages arriving in the Persian Gulf or Red Sea after 1 June or leaving Australia between 15 and 30 September must have no more than two ports of discharge.

These changes have been made by the independent regulator under the Australian Meat and Live-stock Industry Act 1997. The RIS analysed the impacts and benefits of three policy options with the objective of reducing heat stress in sheep while supporting a sustainable live export trade. This process involved extensive consultation.

Changes at Shipping Australia Victoria

Rod Begley has resigned as Shipping Australia Ltd. (SAL) state chairman for Victoria. Rod, who was commercial manager at Swire Shipping, had been chair since early 2018. Rod has taken on a chief operating officer role with a Papua New Guinea-based stevedoring company.

The role of state chairman for Victoria will be filled by James Kurz, who previously held the deputy state chairman role. James set-up Young Shipping Australia Queensland in 2012. He studied at the Australian Maritime College and has 14 years' experience in the shipping industry. He has worked with several well-known names in the shipping industry including Teekay Shipping, Pacific International Lines, Pacific Direct Lines and Mariana Express Lines among others. Today James works as a senior commercial manager at Coastalbridge, a logistics provider that provides tailor-made distribution solutions for the Australian domestic market. Charles Masters will continue as Secretary of SAL Victoria

High degree of IMO 2020 compliance

The Port Authority of Singapore has reported a 'high degree' of compliance with the new international law limiting the sulphur content of fuel used by ships. In the first quarter of 2020, about 96% of ships calling at Asia's largest bunkering hub complied with the International Maritime Organization (IMO) 2020 regulation, which stated that as per 1 January 2020 vessels had to use marine fuel with a low sulphur content or use scrubbers which clean their high-sulphur-content fuel oil.

Under the International Maritime Organization's (IMO) MARPOL Annex VI Regulation 14.1, the sulphur content of any fuel oil used on board ships operating outside an emission control area cannot exceed 0.50% m/m from 1 January 2020. Likewise, the sulphur content of fuel oil used or carried for use on board a ship shall not exceed 0.50% m/m from 01 March 2020.

During the quarter, the Maritime and Port Authority (MPA) conducted a total of 326 Port State Control (PSC) and Flag State Control inspections in the Port of Singapore. Among them, the MPA found 12 ships that were not fitted with scrubbers using fuel that marginally exceeded the sulphur limit. The MPA said this was likely due to remnant residues of high-sulphur fuel in the fuel oil tanks and piping.

Two foreign-registered ships were found to be using non-compliant fuel. Each were each issued a PSC detention order and were only allowed to depart from the Port of Singapore after it was verified that they had switched to using compliant fuel. The MPA found that no ship installed with an open-loop scrubber was found to be operating its scrubber in the Port of Singapore.

TT Line vessels heading for Geelong

Proposed passenger terminal. Source: Geelong Advertiser

The two Spirit of Tasmania vessels will be calling at Corio Quay in Geelong rather than Melbourne's Station Pier, following an agreement between GeelongPort and TT-Line. The move is likely to occur in 2022.

GeelongPort CEO Brett Winter said the deal with TT-Line will create major economic, employment and tourism opportunities for Geelong, the Bellarine and the wider G21 region.

"Bringing the iconic Spirit of Tasmania vessels to GeelongPort is a huge coup for the Geelong region. Each year over 450,000 passengers and 105,000 twenty-foot equivalent units of freight sail with Spirit of Tasmania", Mr Winter said. "Now more than ever, opportunities to inject new jobs and economic growth into the greater Geelong region are crucial."

Mr Winter talked of working with stakeholders and achieving planning approvals for a starting date at some point in 2022. The project is expected to generate up to 75 construction jobs over the two-year build program. The proposed solution at Corio Quay, in Geelong's north, would provide a dedicated, large-scale passenger and freight terminal that would transform Spirit of Tasmania's customer experience. With access to the Princes Highway and Freeway, Corio Quay is near two rail stations and 15 minutes' drive from Avalon Airport and 50 minutes from the Great Ocean Road.

The new 12-hectare site is to include a purpose-built passenger terminal building, a passenger vehicle marshalling area for 600 cars, more efficient passenger vehicle check-in, security facilities, public amenities, crew accommodation, a cafe, children's play area and a pet exercise area.

Mr Winter said, “Working with TT-Line, the Victorian Government and the City of Greater Geelong Council, we’ll develop a plan to ensure there’s appropriate infrastructure to support the increase in traffic and minimise any potential disruption to our customers and the local community during both construction and operational phases”.

GeelongPort has been an integral part of Geelong’s economic and social fabric for more than 150 years, helping to transform the city and region into the economic, tourism and community hub it is today.

Infrastructure charges debate continues

Stevedore DP World Australia (DPWA) recently announced a further increase in its ancillary charges in Melbourne, Sydney and Brisbane. DPWA is following Patrick Terminals’ lead in splitting the infrastructure charge, now also referred to as access charge, between export and import containers, where they have lowered the export container charge slightly but increased the import charge, which represents the majority of container volumes in Australian ports, dramatically. DPWA has said the new charges are in response to industry and government requests to provide support to Australian exporters recovering from the protracted drought and devastating bushfires, as well as coronavirus.

“DPWA is facing these challenging times with a determination to continue to improve our services and efficiencies at our terminals, while supporting Australian farmers and other export businesses and global trade,” said DPWA General Manager Commercial Sean Barrett.

A number of industry associations have slammed the timing of the increase, occurring during already difficult times experienced by the industry due to the corona virus outbreak, and have asked state governments to intervene and apply regulatory oversight of these charges.

Both Andrew Constance, the NSW Transport and Roads Minister, and Melissa Horne, Minister for Public Transport and Minister for Ports and Freight in Victoria, have regularly made noises about the increase in charges by all stevedores and have asked their respective departments to look into the matter but nothing concrete has come out of these investigations so far.

It will be interesting to see when the 2019-2020 ACCC container stevedoring monitoring report is published later this year, the proportion of stevedoring revenue that these charges represent and whether ACCC Chair Rod Sims would be willing to encourage state jurisdictions to provide some form of oversight.

Container vessels rerouting via Cape of Good Hope

M/V CMA CGM Alexander Von Humbolt
File Photo: Marine Traffic

An ultra-large containership belonging to CMA CGM is bypassing the Suez Canal on its return trip to Asia, adding some 3,000 miles and five days to the journey as impacts of coronavirus and low oil prices ripple across the supply chains.

The 16,022 TEU capacity *CMA CGM Alexander Von Humbolt* last called in Algeciras, Spain and was tracked underway off West Africa. The vessel has a destination of Port Klang, Malaysia where she arrived in late April, making for a total transit time of 26 days, as opposed to the typical 21-day transit.

The detour of the *CMA CGM Alexander Von Humbolt* was first pointed out by Lars Jensen, CEO of SeaIntelligence Consulting. “The trip is more than 3,000 nautical miles longer and the speed is increased by more than two knots for the journey despite the added five days to the schedule,” wrote Lars in a post on LinkedIn. *CMA CGM Alexander Von Humbolt* operates on the Ocean Alliance’s French Asia Line 1 (FAL 1). The eastbound leg of the route typically goes through the Suez Canal after calling in northern Europe. While unusual, re-routing ships around the southern tip of Africa and South America to avoid Suez Canal and Panama Canal tolls is not unheard of.

MSC website attacked by malware

Mediterranean Shipping Company (MSC) has confirmed that its recent network outage has been resolved and its website and customer booking platform are back up and running after a malware attack.

MSC confirmed that the outage was the result of a malware attack affecting a limited number of computer systems. “After a thorough investigation we confirmed that it was confined to a limited number of physical computer systems in Geneva only and we determined that it was a malware attack based on an engineered targeted vulnerability,” the company said.

“The incident was confined to MSC’s headquarters in Geneva and affected the availability of some of MSC’s digital tools and the website *msc.com* for a few days during the Easter holiday long weekend. MSC agencies remained fully functional and continued serving customers as usual during this time,” the update said.

Swiss-based MSC is the second largest container shipping line, controlling 571 ships that represent a 16% share of the world’s TEU capacity. It is also part of the 2M Alliance with Maersk, the world’s leading container line.

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