SCI Australia

A family owned Australian business

# SCI Australia

Pty Ltd

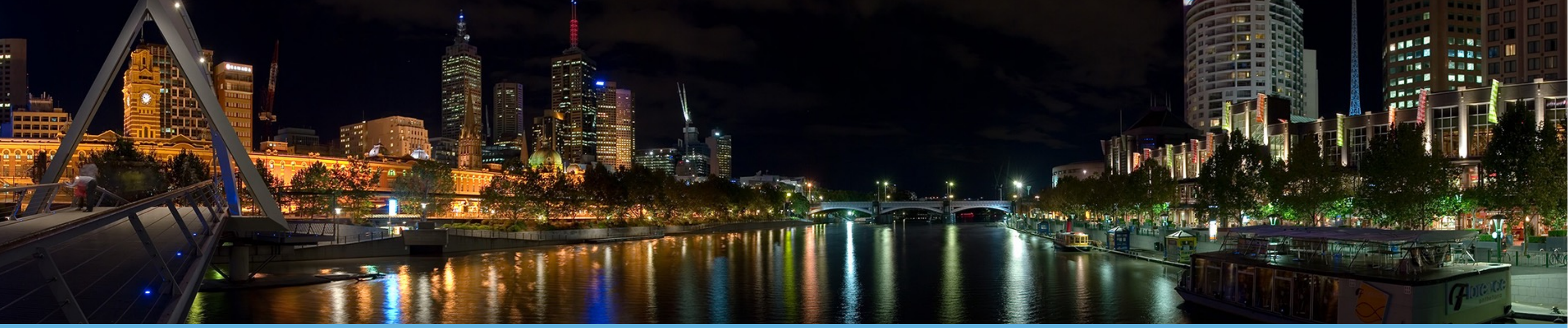
## In This Edition



**Plus**



September 2015 Newsletter



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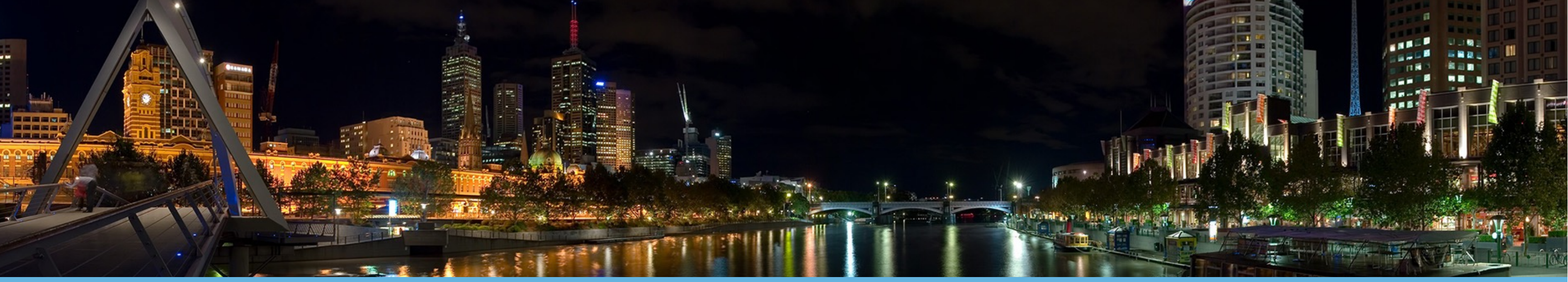
September Edition



## 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.



# APL (GRI)

**Notice to Clients (GRI)**
China, Taiwan & Korea to Australia

APL wish to advise that a General Rate Increase (GRI) will be implemented for dry containers shipped from China, Taiwan & Korea to Australia effective from 1st September 2015.

Rate restorations quantum for all dry cargo into Australia shall be:
20' containers: USD 300.00
40' containers: USD 600.00

*We thank you for your continued support*

# PAE (Rate Restoration)

**Notice to Trade (Rate Restoration)**
China, Hong Kong, Korea & Taiwan to Australia

Dear Valued Customer,

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 **1st September** 2015

The General Rate Increase (GRI) will be:

U$300.00 / 20' and U$600.00 / 40'

*We thank you for your continued support.*

# MSC (GRI)

Date Posted: 31/07/15

## Notice to Clients (GRI)

### Malaysia, Singapore, Indonesia, Thailand & Vietnam to Australia

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

The announced increase is to be effective from 1st September, 2015

The increase is as follows:

USD200 / TEU
USD400 / FEU

## Notice to Clients (GRI)

### Korea, China, Hong Kong, Taiwan to Australia

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

The announced increase is to be effective from 1st September, 2015

The increase is as follows:

USD300 / TEU
USD600 / FEU

*For further information please contact your local MSCA office*

# Can "Smarter" Ocean Cargo Vessels Reverse Capacity Glut?

The ocean container carrier industry has been plagued by overcapacity of late, but a new technology partnership may begin to address it.

Hyundai Heavy Industries – one of the world's largest shipbuilders – and Accenture are collaborating to design a "connected smart ship" that will enable carriers to better manage their fleets and achieve potential operational savings through the application of digital technologies.

Up until now, most of the carrier investment has been made in just making their vessels bigger…not smarter.

"As carriers continue to over-invest in new ships, they are largely to blame for the chronically low profitability of their industry," says Philip Damas, director of the London-based consultancy Drewry Supply Chain Advisor. But that syndrome may soon be changing.

Using a network of sensors that will be built into new vessels, ship owners will be able to capture a range of ship voyage information including location, weather, and ocean current data, as well as on-board equipment and cargo status data.

By applying real-time analytics to new and historical fleet data and using data visualization technology to present the insights, ship owners will be able to monitor their vessel's status and condition in real-time to make data-driven decisions that support more efficient operations. Services are expected to include real-time alerts and warnings, predictive maintenance and more efficient scheduling.

The connected smart ship will be developed using a combination of Hyundai Heavy Industries' shipbuilding and manufacturing expertise, and Accenture's digital and shipping industry experience. As ship owners seek innovative new ways to reduce vessel operating expenses, this collaboration will deliver a range of real-time services to improve the efficiency of their ships, while simultaneously strengthening Hyundai Heavy Industries' competitiveness.

"Businesses can gain a competitive advantage by embracing the connectivity wave underpinning the Internet of Things and integrating digital services into their products to keep pace with the next wave of innovation," says Eric Schaeffer, senior managing director, Accenture.

He further notes that collaboration with Hyundai Heavy Industries utilizes Accenture's digital technology to enable a traditional "products" company to adapt its business model, taking advantage of digital technologies like analytics. Moon-kyoon Yoon, Chief Operating Officer of the Shipbuilding Division of Hyundai Heavy Industries, says the connected devices can be monitored and maintained remotely.

"With real-time data collection and exchange across vessels, ports, cargo and land logistics, Hyundai Heavy Industries would be able to create additional services and revenue streams to customers across the lifecycle of ships and journeys, removing barriers between different elements of a ship's operation," he says.

Analysts also observed that this collaboration may be part of Hyundai Heavy Industries' plans to expand its business, moving from manufacturing to services.

*Source:* ***SupplyChain247***
http://www.supplychain247.com/article/can_smarter_ocean_cargo_vessels_reverse_capacity_glut/ocean

# Imports from China up 10%, says DFAT

The total value of Australia's imports from China rose 10.1% in 2014, compared with 2013, and were worth $54.3bn, or 16% of Australia's total imports.

US imports to Australia jumped 6% and were worth almost $42bn, while imports from Japan decreased by 6.8% despite the country being Australia's third largest import source for the year, at $20bn.

Singapore, Germany, and Thailand followed, though Germany's imports to Australia decreased by 7.2% in 2014, according to the recent Composition of Trade 2014 report.

Within Australia's top 15 import trade partners, imports from Vietnam grew the most in terms of value in 2014, up 23.9% since the previous year. And imports from South Korea were growing at a rate of approximately 12.8% per annum, according to the Department of Foreign Affairs and Trade's recent report.

Most import categories fared well, with general merchandise increasing by 3.4% from $254.3bn in 2013 to $263bn in 2014, based on the current price of the merchandise.

Within this category, consumption goods rose 5% from $78.77bn in 2013 to $82.82bn in 2014 to meet the same percentage on a year-by-year basis over a five-year period.

And intermediate and other goods rose by 5.6% in 2014 from $110.6bn to $116.8bn. Despite these increases in import values, and Australia's total import value for 2014 increasing by 2.3% since 2013 to $337bn, the total volume of imported goods and services decreased by 1.7%.

The top five faring goods and services imports for Australia last year were: personal travel, crude petroleum, refined petroleum, passenger motor vehicles, and telecom equipment.

Source: ***LloydsList***
http://bit.ly/1hk6M0R

# Abu Dhabi's Khalifa Terminal Breaks Key Container Moves Benchmark

Khalifa Port Container Terminal in the United Arab Emirates has boasted increased productivity levels having handled 2,615 container moves in under 13 hours.

The record 206 berth moves per hour were achieved during cargo operations on the 9,365 teu CMA CGM Thames.

ADT sees 200 berth moves an hour as a key benchmark for productivity, one of the key value drivers that shipping lines and port operators have in determining maximum operational efficiencies, and capacity.

The terminal's commercial officer Simon Brebner put the efficiency down to effective planning between the terminal and CMA CGM, the vessel operators.

The achievement came as CMA CGM made its third call at KPCT on one of its new services. Fast turnaround is a key metric that the company can use to show its customers that the liner service has a good reliable services.

For Khalifa Port Container Terminal, the achievement underscores the advances the terminal has made since its inauguration in September 2012. ADT has a 30-year concession to operate the terminal.

It claims to have seen a 36% increase in handled containers during the first half of 2015 compared to 2014. The terminal has plans for further expansion, with three new super post panamax cranes due for arrival in mid-2016 that will bring annual handling capacity up to 2.5m teu.

Source: **LlyodsList**
http://bit.ly/1LgqWTa

# Greece Agrees to Push Through New Tonnage Tax Hike

Greece is to raise tonnage taxes by 4% annually for the four-year period 2016-2019 amid a long list of measures it has agreed to take in return for a third bail-out worth about €85bn ($94.35bn).

The increase is contained in a giant bill covering reforms and tax increases for most aspects of the beleaguered economy that was sent to parliament earlier this week, with a vote due to have taken place on Thursday.

The legislation is based on a draft deal that was hammered out at an all-night meeting a day earlier between Greek government officials and representatives of the creditors – the European Central Bank, European Commission and the International Monetary Fund.
That committed Athens to hiking tonnage tax for shipping as one of 35 'prior actions' to be taken immediately.

European finance ministers are expected to scrutinise the package on Friday and sources in Brussels are underlining that the deal has to be approved by political leaders, in some cases by votes in national parliaments. Some form of tonnage tax increase was expected since lenders forced shipping taxation onto the agenda in chaotic negotiations with Greece earlier this summer that appeared – just – to forestall the country's exit from the Eurozone. The hike is presented as little more than an extension of previous periodic tonnage tax increases. The tax has been increased by 4% annually for the last four years, in accordance with a 2011 directive.

This time it comes on top of a voluntary doubling of the levy on shipowners and extension of the tax to non-Greek flag vessels, resulting in a sharp increase of contributions from the industry to government coffers.

Owners will probably see the latest increase as modest but will be wary that this week's draft agreement with lenders also foresees the phasing out of special tax treatments for the shipping industry as one of 10 specific structural fiscal reforms that should be adopted as part of a new package in October.

Meanwhile the pact with creditors includes a commitment by Greece to proceed with an ambitious privatisation plan with the country's top ports among the first assets to be sold.

The government has agreed to announce binding bid dates for both Piraeus and Thessaloniki, where majority stakes in the port authorities are up for sale, by no later than end-October this year.

The agreement stipulates "no material changes in the terms of the tenders".

Source: **LloydsList**
http://bit.ly/1TOAxCE

# Air cargo Sector Strengthens

The International Air Transport Association (IATA) announced an upward revision of its 2015 industry outlook to a $29.3 billion net profit. On expected revenues of $727 billion, the industry would achieve a 4.0 percent net profit margin. The significant strengthening from the $16.4 billion net profit in 2014 (re-stated from $19.9 billion) reflects the net impact of several global factors, including stronger global economic prospects, record load factors, lower fuel prices, and a major appreciation of the U.S. dollar.

All regions are expected to see an improvement in profitability in 2015 compared with 2014.There are, however, stark differences in regional economies, which are also reflected in airline performance. “The industry’s fortunes are far from uniform. Many airlines still face huge challenges,” says Tony Tyler, IATA’s Director General and CEO.

Over half the global profit is expected to be generated by airlines based in North America ($15.7 billion). For North American airlines, the margin on earnings before interest and taxation (EBIT) is expected to exceed 12 percent, more than double that of the next best performing regions of Asia-Pacific and Europe.

“For the airline business, 2015 is turning out to be a positive year. Since the tragic events of September 2001, the global airline industry has transformed itself with major gains in efficiency,” says Tyler. The result is a hard-earned 4 percent average net profit margin.” Tyler adds that shippers should “keep things in perspective, noting that Apple earned $13.6 billion in the second quarter of this year.

“That’s just under half the expected full-year profit of the entire airline industry. We don’t begrudge anyone their business success. But it is important for our stakeholders – particularly governments – to understand that the business of providing global connectivity is still a very tough one,” he says.

At the industry level, a significant milestone has been achieved with an expected return on invested capital (ROIC) of 7.5 percent. For the first time, the industry-level average ROIC will be in excess of its cost of capital, which has fallen to 6.8 percent largely due to lower bond yields.

This industry average is, however, dominated by airlines in the United States, which have benefitted the most from the fall in U.S. dollar-denominated fuel prices, a strong local economy, and industry restructuring. The average non-US airline is still struggling with returns below the cost of capital and a significant debt burden.

Carriers in North America are expected to generate a profit of $15.7 billion (up from $11.2 billion in 2014) for a net margin of 7.5 percent. Airlines in the United States have been able to use this profitability to invest in new fleet, pay down high levels of debt and deliver a normal return to investors through dividends and share buy-backs.

IATA analysts say this has been driven by the relatively strong economy, a restructured industry, and the lower oil price. The region is expected to see a 3.0 percent growth in demand, although capacity is starting to pick up with an anticipated 3.1 percent expansion.

Source: **SupplyChain247**
http://bit.ly/1flTGhG



# How Good is Your Trivia Knowledge

1. Red Dog was a successful Australian film released in which year?
a) 2006
b) 2007
c) 2008
d) 2011

2. Australian Ex Cricket Legend Donald Bradman has a bating average of?
a) 90.5
b) 99.93
c) 99.94
d) 99.96

3. Which September dates the September Birthday of Bruce Springsteen, Ray Charles, Mickey Rooney, Jason Alexander and Karl Pilkington?
a) September 1st
b) September 7th
c) September 23rd
d) September 26th

4. True or False, Shakespeare did not mention September in any of his plays?

5. The Longest Running Show in Australia TV is?
a) Four Corners
b) Play School
c) Neighbours
d) Wheel of Fortune

1) d 2) c 3) c 4) True 5)a



# Staff Spotlight

Our Staff Spotlight this month is Customs Broker, **Peter Sowerbutts**

**Favourite Sports Team:** Carlton

**Ideal Holiday:** Motorcycle Trek

**Hobbies:** DIY around the House

**What is Playing in Your Car Right Now:** Nirvana

**Where Have You Travelled To:** Thailand, Cambodia, Vietnam, India, Philip Island

**If A Genie Gave You A Wish What Would You Wish For:** Most Likely Financial

**Best Advice Anyone Has Ever Given You:**

Don't make decisions when you are angry.

Don't make promises when you're happy

**What Would You Like People To Know About You:** I still smoke a Pipe

(Peter Sowerbutts as a child)

# 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**

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