



Direction

DEAN WORLD CARGO

NEWS UPDATE

THE OLYMPICS

Many have been sounding the warning bells regarding the impact that the Beijing Olympics COULD have on your supply chain for quite some time now. As the media ramps up coverage on the games around the preparation and arrival of International athletes and Beijing's continuing efforts to freshen up their skies, I thought it'd be worth offering our two cents worth.

To summarise as briefly as possible: In an effort to reduce pollution and congestion before, during, and after the Olympic Games the Chinese Government has implemented a variety of measures aimed at restricting and/or closing down heavy polluting industries, forcing reductions in traffic, etc. Such measures are expected to impact cargo transportation in and around the Beijing area as well as to and from the major northern local ports Tianjin/Xingang and Qingdao.

While Beijing is the host city there are six other cities hosting specific events:

- (1) Equestrian events in Hong Kong
- (2) Sailing in Qingdao
- (3) Football (Soccer) in Shanghai, (4) Tianjin, (5) Shenyang, and (6) Qinhuangdao.

The heaviest impact, obviously, will be in and around Beijing.

As for the other ports, little to no impact is expected in Hong Kong, Shenyang, or Qinhuangdao. Based on our sources, Shanghai is still up in the air, but currently not expected to be impacted significantly, unless you ship cargo classified as hazardous materials, which is already currently being restricted.

Beijing's local Tianjin/Xingang port will be affected due to traffic control issues and the now already implemented special cargo handling and restrictions to Hazardous Materials. Qingdao is not expected to be affected despite hosting the sailing event, although some traffic control measures are to be in effect during the games.

So in general for seafreight...it should be business as usual.

SECURITY MEASURES ON AIRFREIGHT EX CHINA

In anticipation of the Olympics, Shanghai airport has just implemented new security measures with immediate effect.

Under this new security measure, ALL export cargoes must be checked by X-Ray.

For oversized cargo and pre-built ULDs that cannot be checked by X-Ray, these goods will now be subject to a further holding period of 24 hours within the PACTL terminal.

This new measure will last at least up to the end of Olympic Games and it will cause a slight delay for our air export shipments ex SHA during this period.

IN THE LEAD IN TO THE HK/CHINA PEAK SEASON

It's usually at this time of year when we pull out the crystal ball to try and estimate how the upcoming Peak Season will impact on International Freight rates and Carrier capacities.

All indications at this stage show a softening of demand, and also a better supply of space.

There's a feeling in the market place that the freight rates for this upcoming period will be cheaper than last year.

Despite this, the Shipping Lines are still predicting General Rates Increases (GRI's) to be implemented on July 2008 and another in September 2008. However the 1 July GRI has been deferred until sailings from 22 July, and could even be deferred further.

The Peak Season Surcharge (PSS) is also still scheduled for introduction in August.

Whilst general freight rates have continually fallen throughout the past few months, most of you will be very aware that the Bunker Adjustment Factor (BAF), covering fuel costs continues to sky rocket.

BAF recently broke the US\$500 barrier per TEU, and is scheduled to increase to US\$575 per TEU in mid July.

It is expected that we will probably receive more BAF increases but likely less on the GRI and PSS so all in all I predict a lower overall freight rate than last year.

SUNDAY BECOMES A STANDARD DAY OF TRADE AT MELBOURNE PORTS

P&O Ports (DP World) has recently announced their intention to make Sunday a usual day of trade when it comes to storage and availability of FCL containers.

This follows the introduction of Saturday as a usual day of trade around 6 years ago.

With Containers exempt of storage for only three days, and most of our clients continuing to only accept deliveries during a usual Monday-Friday week, we are going to see increased pressure to pick up Containers that become available on a Thursday and Friday and move them off-wharf, to avoid excessive storage costs.

Please talk with our Brokers about your requirements, so that we can best implement a cartage plan that suits.

AUSTRALIAN DUTY CALCULATIONS ON ASSISTS

'Assists' are items supplied by importers or agents, sent to your manufacturer for the inclusion in/with a finished product...think Price Labels, Swing Tags and Hangers, etc.

After many Customs audits and many requests to the audit teams for clarification on how Price Labels, Swing Tags and Hangers are to be classified for the purposes of an Australian Customs Declaration when imported with Garments, The ACS has finely addressed the issue with the issuance of an Australian Customs Notice (ACN) 2008/18.

In short what Customs are intending with this notice is to provide guidance on how these products are to be treated for the purposes of Customs Clearance and payment of duties and taxes.

The newly held view is that all Price Labels and Swing Tags are to be classified with the garment that they are imported with and thereby attract the same Duty and Tax rates. Please note that this is a change of practice from how Customs has treated goods in the past.

As for Hangers imported with garments, Customs are giving the Imports/Brokers the choice of classifying the Hangers with the garment or to split the classifications and enter the Hangers and Garments separately as long as those Hangers are "clearly suitable for repetitive use".

We expect a number of you would like further clarification re all of this, so please contact your client manager or our Customs Operations Manager Tony Morcos, for more information.

AUSTRALIAN TCF TARIFF REDUCTIONS

There has been quite a bit of speculation that the Australian Government may back off on reducing the scheduled tariff reductions on TCF. The current duty level as you know is 17.5% and is scheduled to drop to 10% in 2010.

The Productivity Commission is currently reviewing the scheme and early indications show that consumers and taxpayers would be better off to the tune of \$1.5 billion if the former Government's scheme goes ahead.

They say the savings on consumer goods pricing would well and truly offset any affect on the TCF manufacturing sector.

The Rudd government is yet to ratify the current scheme so the outcome of the report will be very interesting.

THE ONGOING APPRECIATION OF THE CNY

We have not heard too much on this lately but it's worth noting that the RMB/Yuan continues to appreciate against the USD with inflation in China moving steadily.

The predicted appreciation of the Yuan for 2009 is expected to ease to 3.7 per cent due to slower trade forecasts.

The ICBC forecasts that the Yuan will gain 5.3 percent in 2010 and reach 5.61 against the USD by 2011. Currently it is 6.804 to the USD and 6.642 to the AUD.

SINGAPORE STILL WORLD'S TOP BOX PORT

I'm sure you've all been frustrated at some point with moving FCL cargo through Singapore.

You might be interested to know that Singapore handled a total of 27.9 million TEU last year, an increase of 12.7 per cent over its 2006 throughput of 24.8 million TEU.

Singapore surged ahead of Hong Kong, which moved a total of 23.9 million TEU last year, up 1.5 per cent from 2006. Container volumes handled by Hong Kong's various terminals in December dropped 0.9 per cent year-on-year to 2.12 million TEU.

Shanghai has now become the second biggest box port with a 2007 volume of 26.2 million TEU.

CHINA CUSTOMS GOES DIGITAL

Chinese Customs is implementing a nationwide 'no paper' digital customs system.

Under the new clearance system, a shipper files details of imports and exports electronically to the local inspection unit.

After examination, the inspection unit will forward results to Customs and send a receipt back to the company with a clearance approval number, with which the supplier must later declare with their export booking.

After Customs has verified the declarations, the cargo is released.

FIRST NEW 777F

Boeing has begun major assembly of the new 777 Freighter at the company's Everett, Washington facility.

The first 777 Freighter will be delivered to Air France in the fourth quarter of 2008 and some eighty 777 Freighters have been ordered by airlines throughout the world.

FLY THE NEW A380

...well at least get an eye full of what the pilot would see from the flight deck of the new A380:

<http://www.gillesvidal.com/blogpano/cockpit1.htm>

NZ DUTY RATES

New Zealand's Import Duty rates are on the decrease, with most items of Apparel attracting a new Duty rate of 15% as of 1 July 2008.

The Apparel rate is due to drop further to 10% on 1 July 2009.

The NZ Government has announced that there will be no further general reductions until June 2011.

This is when their China Free Trade Agreement starts to kick in as of 1 January 2011.

The Duty rates for Apparel ex China will then reduce according to one of two calendars:

A. Items heavily traded (for example, jeans, t-shirts):

January 2011	10%
January 2012	8.4%
January 2013	6.3%
January 2014	4.2%
January 2015	2.1%
January 2016	Free

B. Other items of Apparel:

January 2011 8.1%

January 2012 5.4%

January 2013 2.7%

January 2014 Free

To find out whether any one item is in category A or B, search in:

<http://chinafta.govt.nz/2-For-businesses/2-Tools-and-resources/3-Tariff-finder/>

or download the full schedule from:

<http://chinafta.govt.nz/1-The-agreement/2-Text-of-the-agreement/20-Annexes/0-downloads/NZ-Tariff-Schedule.pdf>

All the best,
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