

DIRECTIONS

News Update

May 2009

SEAFREIGHT RATE RESTORATION EX HK/CHINA

As most of you will know, the hottest topic over the past few weeks has been the Shipping Lines' final decision to introduce a general freight rate increase, termed Rate Restoration (RR), in mid April.

This was expected as many Lines have been operating at an unsustainable loss for some time, however the oversupply of Container space had, up until April, allowed the market to control pricing.

The Lines have counteracted by reducing some 3,300 TEU overall from the key routings each week in China and Hong Kong. This equates to a reduction of capacity of some 15%.

We have passed on the recent RR increase last week and some of you were surprised at the level; however I do remind you that the rates are at an historic low especially as they include the bunker surcharge.

As we expected the supply demand equation in China is still finely balanced and we have some minor adjustments downwards this week (May 9) with some Lines.

In addition to this, the roller coaster moves on with an announced increase in the bunker surcharge of USD25 per TEU on May 15 and a proposed further RR of USD250 per TEU on June 1.

I know you all want some stability however the market is extremely volatile and will continue to be so for a while yet, so please do not shoot the messenger in our attempts to keep you informed.

More to follow no doubt...

MORE FLIGHT CHANGES

The ongoing Global Economic Crisis continues to impact on the amount of flights available to and from Australia, with our usual longstanding schedules no longer being relevant.

The latest change has been announced by Qantas, who are cancelling all direct passenger flights to and from Beijing.

Qantas has also recently cancelled one of their Freighter services out of Shanghai to Australia, but still continues to operate daily passenger flights, obviously with some cargo capacity.

Cathay Pacific has also announced a number of changes too, but mainly to the U.S.A and Europe.

Dean/Wako's airfreight services however will receive minimal impact as we continue to operate service agreements with other air carriers, including Singapore Airlines and Air New Zealand, out of this region. Also, base prices have not been affected by any of these changes, and as many of our regular clients will know, the airfreight prices have dropped significantly in recent times.

MORE VESSEL CHANGES

COSCO has announced a change to their Asia Pacific loop, where their weekly vessel will now sail from Shanghai every Tuesday instead of each Wednesday. The new sailing schedule will come in to effect mid May.

MELBOURNE'S CHANNEL DEEPENING

While many of you will know nothing more about Melbourne's Channel Deepening (CDP) project than that it is controversial and that it has already impacted on the Port Services Charge that you currently pay on your imports per Container, others might be aware that there have been ongoing restrictions on the ability of commercial vessels to access the Yarra River.

Well as of 15 May, the Port of Melbourne Corporation will reopen the Yarra to all commercial shipping 24-hours a day, six weeks ahead of schedule.

CDP work will continue in the river until August this year. And then continue on within the Bay itself.

AQIS FEES ON THE RISE

The Australian Quarantine Inspection Service (AQIS) will be pushing to nearly double its screening fees.

Currently levied at A\$14 per 20' container (TEU), industry sources suggest that AQIS is considering raising this fee to A\$26 per TEU. The mooted increase comes as AQIS is facing a shortfall of millions of dollars in its annual revenue owing to the severe drop in import container numbers. The shortfall is believed to be in the region of A\$18 million.

THEM PIRATES

With the Maersk Alabama recently being hijacked off the coast of Somalia, Maersk has reiterated its call on the international community to find a solution to the problem of Piracy, based on its threat to important international trade lanes and therefore declaring it an international security issue.

While the recently increased naval presence in the Gulf of Aden has achieved some success in deterring attacks there, the Pirates still remain a threat to crews and vessels in the area and elsewhere.

Maersk has now expanded the restricted area off the coast of Somalia for its vessels. The Line has also begun to modify ships, making them harder to board from the water, and are only sailing vessels that are capable of sailing certain speeds.

A TENDER WIN

We are proud to announce that after an extensive review of their Freight Forwarding, Customs Brokerage and Off-shore pick pack processing needs, the Sussan Group has again awarded their Forwarding Tender to Dean World Cargo.

Incorporating Sportsgirl, Sussan and Suzanne Grae, the Sussan Group has chosen to extend our working partnership, for what will continue through the 20 year mark.

Over the past few years we have worked closely with them so that they now enjoy a level of origin-related services that enable them to totally bypass their Suzanne Grae Distribution Centre in Sydney, and move from Factory Floor to Retail Store through our CFS, because of the additional cargo handling services we are providing in China.

We are currently talking with the group about further information sharing and electronic transfer of data between our two operating systems, and look forward to continuing our partnership with them for many years to come.

If these types of services are ringing true with you, please let me know.

With regards,
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