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HOW TECHNOLOGY CREATES EFFICIENCIES AND REGULATORY COMPLIANCE
INTERVIEW WITH THE NEW CEO OF ANL
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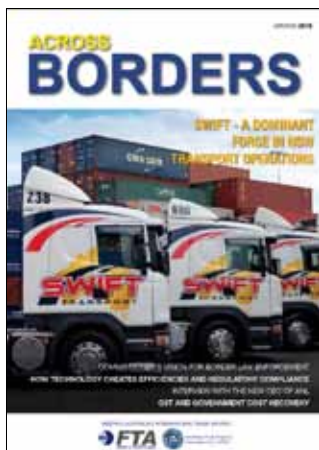
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Front cover – image courtesy of Swift Transport

ACROSS BORDERS

WINTER 2018



Putting Australia on the map

As Australia's representative to the Global Shippers Forum (GSF), the Australian Peak Shippers Association (APSA) and Freight & Trade Alliance (FTA) proudly co-hosted the GSF and ICHCA International Conference in Melbourne from 8 to 11 May 2018.

Over 350 local and international delegates participated in a Town Hall Welcome Function, three separate Annual General Meetings, a port tour and a two-day open conference at the impressive Melbourne Convention and Exhibition Centre.

James Hookham, the incoming Secretary General, closed proceedings stating that the quality of the event has set a new benchmark for the GSF. Importantly, by bringing the world's leaders in regulation and commerce to our shores, the event has put Australian trade on the map and has firmly established APSA and FTA as key partners within the GSF supporting worldwide advocacy initiatives.

An immediate area of focus is how to slow down the flood of surcharges, detention fees, taxes, levies and new innovative charging regimes administered by both Australian government and essential service areas affecting logistics operations at our ports and airports. As highlighted in the Chairman's report, APSA and FTA will continue to work with all stakeholders, locally and internationally, with a primary focus on turning around this trend.

Finally, we would like to congratulate Michael Outram APM on being sworn in as Commissioner of the Australian Border Force (ABF) on 14 May 2018. We thank the Commissioner on providing the foreword to this Winter edition of Across Borders and look forward to close engagement with him and his executive team in the years ahead.

By PAUL ZALAI, Co-founder and Director,
Freight & Trade Alliance (FTA)

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By MICHAEL OUTRAM APM,
Commissioner, Australian Border Force

Having been appointed as the Commissioner of the Australian Border Force (ABF) in May, the word “vision” has been at the forefront of my mind. I’ve considered the transition we are making as a modern border law enforcement body and the capability we possess to operate as a world leading customs organisation.

This is of course a vision we cannot realise without performing and excelling at the important role we play as Australia’s customs service—facilitating the flow of legitimate freight and trade, whilst enforcing Australia’s trade and customs laws to protect Australia’s economic prosperity and our community from harmful goods and from people or companies that work to do harm.

Over the past twelve months, a substantial effort has been placed on our move to the Home Affairs portfolio. This has shaped much closer working relationships across government and strengthened our capacity as an operationally independent law enforcement body. We continue to build and strengthen our relationships with our fellow border protection, coast guard and law enforcement agencies in countries within our region and farther afield.

We are one of the only customs organisations in the world that has responsibility for customs, border and immigration functions, including civil maritime security, and as such

Transitioning to a world leading border law enforcement body

we have a unique set of priorities that will guide our focus over the next three years.

As Australia’s customs service, trade enforcement and transparency are a key area of focus for the ABF. This has been a priority for me as acting Commissioner, and I will seek to reinforce this over the coming months. Our role ranges from educating and encouraging voluntary compliance all the way through to enforcement and in some cases, prosecution. However, the way we work with industry is changing—with a greater emphasis on trusted relationships for those who continuously do the right thing through Trusted Trader, and a move to digital self-service through the single-window for trade. We will continue to investigate corruption in the supply chain in order to create a level playing field and promote legitimate trade. We will also continue to streamline processes for companies that do the right thing, supporting the broader agenda of trade modernisation and facilitation.

We will increase our focus on detecting revenue leakage, taking-on trade-based money laundering and targeting activities that defraud the government of revenue. This includes the stand-up of an ABF-led Illicit Tobacco Taskforce, announced last month, that will investigate and dismantle illicit tobacco supply chains, prosecute those responsible and protect tobacco duty. The taskforce will draw on the expertise of staff across the ABF and Home Affairs Portfolio, as well as jurisdictional police and continued collaboration with international partners, harnessing cross-agency intelligence, expertise and resources. We will also continue to prevent, detect and disrupt breaches of intellectual property rights which undermine the rights of creators and owners, and look for evidence of slavery in the supply chain.

We will remain focused on tackling the cross-border movement of prohibited goods and people who would do us, or others, harm. Detecting, seizing and taking action in relation to prohibited imports such as narcotics, firearms, weapons parts and asbestos—and our Counter Terrorism Unit’s work—falls under this area of operation.

The prevention of illicit firearms, parts, accessories and ammunition from entering Australia continues to be a key line of effort, and we are working to assess vulnerabilities

across the border and mitigate risk. We are focused on preventing and disrupting child exploitation at the border, including explicit prohibited material, trafficking and slavery.

Border Watch will continue to be our number one reporting mechanism for industry and the community to report suspicious border, customs and immigration related activity. Your role in the supply chain means you are well-placed to identify suspicious activity in your local area, and I encourage you to remain vigilant and continue to work with us, anonymously if you prefer.

The health of our migration and visa system is another key priority for the ABF. Our role extends to detention and removal operations to ensure those who pose a risk to the community or who are here unlawfully are properly managed.

Over the past twelve months we have achieved excellent operational results, and I intend to maintain the pace and tempo across our operations. We have a new leadership team to help us achieve this, and are focusing on additional training and internal governance to ensure our actions continue to build the confidence and trust of industry and the community.

Working closely with industry is critical to achieving our mission and vision. I recognise that industry shares the Australian Government’s objectives to build a prosperous economy and keep the Australian community safe, and it’s important that we work together to help automate, deregulate and streamline border management processes. The complexity of trade is increasing, and I remain committed to working closely with industry and continuing to evolve and adapt our processes and capabilities. We will continue to identify supply chain vulnerabilities and collaborate domestically and internationally to support the broader trade modernisation agenda.

I want those in the freight and trade sector to experience the ABF as a professional, disciplined law enforcement body. More importantly, I want our vision to be one that is shared by our stakeholders, as we work to be a trusted partner and help to build a safe, secure and prosperous Australia.



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APSA and FTA strengthen partnership with Global Shippers Forum

By PAUL BLAKE, Chairman, Australian Peak Shippers Association

I must commence my Winter report with a note of congratulations to the team at Freight & Trade Alliance (FTA) for the very successful execution of the Global Shippers Forum (GSF) and ICHCA International Annual General Meeting and conference in Melbourne during May 2018.



Chris Welsh (Secretary-General, Global Shippers Forum), Paul Blake (APSA Chairman), Travis Brooks-Garrett (APSA Secretariat / FTA Director), Caroline Zalai (FTA Director) and Paul Zalai (FTA Director)

As I mentioned at the opening of the formal welcome function, in the prestigious surrounds of the Melbourne Town Hall, the decision by the Australian Peak Shippers Association (APSA) Committee of Management to firstly apply for the rights to host the GSF and then follow through with a world class event is indeed testimony to the vision and augurs well for the delivery of overall strategies of the group.

Clearly there is an appetite within the Australian shipper community to better understand how globalisation is impacting their business and the opportunity to share experiences with our international guests on the hot topics of the day was invaluable.

A big thank you to all the conference sponsors and presenters that contributed to the success of the event.

As the year quickly passes us by, a challenge for exporters and indeed all shippers is to continue to be competitive in the face of an ever-increasing barrage of surcharges, levies and cost increases levied by carriers, terminals, ports and governments which emerge and grow on an almost daily basis.

At time of writing the newest challenge is the impost of emergency bunker levies by many shipping lines without warning or the provision of a reasonable timeline for their introduction

Refer to pages 56 to 59 for the Global Shippers Forum and ICHCA International Conference report and photos

Compounding concerns, with the status of Part X's demise (or not) and what the replacement looks like remaining unclear, Australian exporters are left bereft of any power to draw liner shipping operators to the table to negotiate on these matters.

APSA continues to engage with government at State and Federal levels in respect to the fairness of the container stevedore infrastructure levies and has recently provided an in-depth update to the Australian Competition Consumer Commission (ACCC) for use in compiling its annual Stevedoring Monitoring Report due for publication later in 2018.

We can only hope that the ACCC finds that their suspicions (as raised in the 2017 report) will be found to be correct and that the levies being imposed by container terminals are firstly in fact being levied via the wrong mechanism and secondly should be collected from their stevedoring customers, the liner shipping operators

The handing down of the findings of the Inquiry into National Freight and Supply Chain on 18 May 2018 by the Deputy Prime Minister, the Hon Michael

McCormack, provided exporters with a clear view of where the power in the international supply chain currently sits. Whilst APSA congratulates the Department for the initiative and the report delivers a comprehensive overview of the issues confronting supply chain efficiency in Australia, it would be fair to say that not much has changed since the Victorian Freight Intermodal Efficiency Group (FIEG) handed down its findings in the Business Activity Harmonisation Study (BAHS) project way back in 2000's.

It is indeed ironic that exporters' concerns that stevedore surcharges and cost increases for port services are affecting competitiveness gained only one paragraph in a forty-five (45) page report.

At the end of the day, the cargo owner pays the bill and as such it is imperative that as the findings of the report are actioned that there is a representative from this sector participating as part of the proposed Industry Advisory Group to ensure that there is balance in the implementation.

APSA acknowledges that one of the key

findings of the Inquiry, higher levels of transparency and better data flows, will improve the international chain efficiency and as such the project in which APSA is working in partnership with the Centre for Supply Chain and Logistics ticks some big boxes

With a clear goal to deliver a forecasting model which identifies national liner shipping capacity needs and more particularly the timing of those needs (as well as equipment types) the live model is aimed at ensuring that the liner shipping industry is better informed and can act to meet the seasonal demand and for government to better understand the international container export task.

The model will also have interest for port operators, stevedores and other 3PL's to have a clearer view of demand to enable better planning and resource allocation

This is a ground-breaking project of national significance and as such APSA will be seeking government assistance for its funding and ongoing support.

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A dominant force in NSW transport operations

By SWIFT TRANSPORT

Freight & Trade Alliance (FTA) is proud to advise that Swift Transport has become our most recent corporate sponsor and we are delighted to showcase their company profile.

Swift Transport is quickly becoming the one stop shop solution that many strive for but rarely achieve. Through their Swift Container Services division, they proudly mention the fact that they are the preferred carrier of the long list of blue chip clients they service almost every day of the year. The main services provided are direct FCL import and export deliveries using all types of delivery modes, rigid, light skels, side loaders, B Double roll back skels and drop deck extendable trailers enabling Swift the ability to handle every requirement their clients can possibly envisage.

Swift Container Services were the fastest growing FCL carrier in Sydney throughout 2013 to 2016 and are now ranked in the top three largest FCL carriers working out of the Port Botany stevedores. The growth is continuing and is due to a never ending commitment to service before anything else. The growth was also forthcoming by prospective clients

approaching Swift with the view of having their businesses requirements serviced by what is known to be Sydney's number one service provider as voted and awarded by Swifts own client base.

The Swift fleet consists of the most environmentally friendly Euro 6 engine equipped Scania's and Mercedes Benz prime movers towing the extensive list of Swift's trailers. The livery now being proudly displayed on the Swift fleet just adds to the professional image that has been built up through efficient processes being implemented throughout the whole Swift system. Swift is also very proud to claim that they have the very best FCL operations team in Sydney and that the position Swift enjoy within the industry and more importantly, within the industry's client base, is solid proof of that claim.

The Swift depot itself, strategically based in Enfield, is also a 77G underbond certified depot allowing for containers

that are yet to be customs cleared to be moved legally off the wharf and into Swift's depot for secure storage under customs control. The depot in its entirety, measures well over 35,000sqm and houses the administration office and a large warehouse where client's containers are unpacked and contents distributed all over NSW and beyond.

To assist in the distribution process, the SWIFT Courier, LCL and Airfreight division lend a hand with their wide range of distribution vehicles ranging from their very smart and versatile one tonne utes, rigid and semi tautliners, Hiab crane equipped trucks and everything in between. So the Swift brand can assist with all aspects of FCL – LCL – AIR FREIGHT – COURIER – CONTRACT CARRYING – WAREHOUSING SERVICES – 77G UNDERBOND STORAGE – FCL STORAGE and every other requirement associated around these base services.

As you can see, the Swift brand has become a dominant force on the road in the shipping industry and it will continue to grow in strength and in the services it provides its prestige clients.

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Interview

Brendon Considine, Secon

Travis Brooks-Garret, Director FTA and APSA Secretariat, speaks to Brendon Considine, Managing Director, Secon.



1. TRAVIS BROOKS-GARRETT - Secon is an iconic business within the Victorian transport industry, how did the business get started?

My father Maurie started Secon back in 1969. He had five sons and was looking for a way he could provide a better way of living for his family. At the time, he was working for a sheepskin exporter and he saw an opportunity because trucks were integral to that business. But the transport providers were hopeless being unreliable, not showing on time and delivering late.

So Maurie decided to start his own transport business, starting with two trucks and a driver to provide a better service to his customers. He ran that on the side for the first few years, while still working at the sheepskin exporter. So he'd work there from 7am – 5pm, then come home each night and do all the invoices for his own business.

Maurie passed that work ethic down to his kids and it's remained a key part of our

business.

2. TRAVIS BROOKS-GARRETT - What is your vision for the company?

It's a family business. We need to provide for the family and for our employees, many of whom have been with us a long time and are part of the bigger Secon family.

A business isn't your buildings and trucks, it's your people. You have to embrace your people and treat them well. If you give people an opportunity, most will seize it and pay you back tenfold. At Secon, we hold dear to us our values, which we call "the RIGHT way", Respect, Integrity, Governance, Honesty and Trust. We bring those values to every person we deal with; employees, customers, and suppliers. Everyone is important because it's just like your supply chain, if one link breaks the whole chain fails.

Over the years we've built our business around trust. It's something that you have to earn and it takes time but when people

see that you are consistent in the way you approach business and relationships that trust grows and gets you great respect.

We've started planning for a new site depot which will happen in October 2019. This new site will bring all the depots and people together under one roof. It will be our new Secon home and will set us up for the next 50 years of successful business.

3. TRAVIS BROOKS-GARRETT - In what ways has the industry changed since 1969?

1969 was an interesting era because it was just as Secon was starting that we had the advent of containers in Melbourne. So in Maurie's first few years the whole industry transformed from break bulk to container cartage.

Technology has obviously come a long way since 1969 and that's been crucial, but just as importantly the way we think has also changed. In the early days it was a case of "This is how it's always been done". But as younger people have come into the industry, I think we now ask more questions about how we do business. We're asking if there's a smarter way to do things. That helps improve efficiency and service, and it gives people new opportunities.

Pressure to cut costs also keeps growing. The freight industry is renowned for its fine margins and huge capital costs, and the reality is you need to make a profit to stay in business. But you can only cut costs so much. We're determined to keep service standards up, and we're very mindful of that as we grow.

The other big change is in customer needs. They don't have time anymore to go to different suppliers for different needs. So we try to deliver a complete logistics service to cater for that and help our customers solve their transport challenges.



4. TRAVIS BROOKS-GARRETT - What do you identify as the main challenges facing the industry in the years ahead?

The burning question at the moment is whether we'll have enough drivers. The freight task is so big and it will keep growing, so how do we ensure enough drivers are coming into the industry? We're not getting as many drivers through the school system anymore, and that's for a couple of reasons. The current licensing regulations are a big obstacle. You're telling young people they can't drive the big trucks until they're 21. For a 17 year old kid hearing that, those 4 years sound like too long to bother waiting.

We also have a perception problem. The transport and logistics industry is so important to society and is a great industry to be involved in, but lots of parents think it's not good enough for their kids. So we need to do a better job promoting our industry to mums and dads, and showing the great opportunities it offers young people. There's so many roles for kids to get involved in here: driving forklifts, fleet control, I.T., warehousing, the list goes on.

The industry is always changing and no day is the same. It's a great life to be a part of.

5. TRAVIS BROOKS-GARRETT - What can Secon do to ensure that you're around for another 50 years?

Technology is important. Keeping at the forefront of new technology is helping us manage our processes more efficiently and provide better service to our customers.

We need to grow the business but always want to do that responsibly and conservatively. The capital involved in this industry is so huge that you have to be wary of overextending while relying on work that might dry up, as happened during the Global Financial Crisis. The key is to grow organically so that we can continue to provide jobs for our employees and a reliable service for our customers.

6. TRAVIS BROOKS-GARRETT - In addition to running a transport business, Secon is also a family business. Do family businesses have unique challenges?

Yes, depending on how the business is structured.

There's a lot of wonderful things that come from being able to work with your family, but of course there's also potential for conflict. The last thing we want is a family member reporting to another family member in case of potential conflict. We're lucky our business is big enough and has enough different departments that we're not getting under each other's

feet. We also have a great outside CEO, Steve Nailer, who's a conduit between the family members. We have lots of outside managers working alongside family members, and that's key to keeping harmony within the family.

The fact that we're a family business is real motivator to succeed, we want to make sure we're keeping the family business alive for future generations. It's also really rewarding to be able to say that I've worked with four of my brothers for the past 30 odd years.

We're more than a family business though, we're in the business of people. We rely on so many people in order to operate and we remember that these relationships are crucial to business success and growth.

7. TRAVIS BROOKS-GARRETT - As a business Secon has been very vocal in trying to address the driver skills shortage. What can be done to improve the quality of Victoria's transport operators?

There is a driver skills shortage at the moment which is something that we're working to address. All our drivers whether local or international are individuals with different skill sets as such we need to make sure there is an industry standard. All of our drivers are individually tested to ensure they have the right skills, because we have a responsibility to the public and our drivers to keep them safe on the road.

We're proud to have good drivers at Secon, and we're confident we have the history and reputation to keep getting good drivers. To support this, we have aligned ourselves with the driver delivery program, which was developed through the Victorian Transport Association. This program ensures new drivers have the skills to meet our high standards. As part of our continual improvement program, we provide training and rigorous competency testing of all of our drivers through the certified Transport Driver Training (TDT Training).

We're also supporting two key industry Associations, the Victorian Transport Association (VTA) and Container Transport Alliance Australia (CTAA) who are both working to improve and streamline licensing regulations.

The bottom line is we're facing a people shortage. The transport task is going to continue to grow, the industry is not going away, in fact it's just going to get bigger and bigger and we need the drivers and the skills to support this.

8. TRAVIS BROOKS-GARRETT - What was your first job in the industry?

After a four year stint as an insurance

broker I accepted my father's offer to start as a forklift driver for Secon Carriers, as it was then. That was 38 years ago.

I worked my way up into the office and eventually became Transport Operations Manager, which I did for 20 years before taking on the role as General Manager.

9. TRAVIS BROOKS-GARRETT - What is your advice to young people coming into the industry today?

If you're willing to work, you are certain to do well in this industry.

There's so much vitality in the industry and so much happening in Victoria at the moment, so there are plenty of opportunities to succeed. If you're someone interested in thinking smarter and looking for better ways to work, rather than just watching the clock, you'll go far.

Also, I'd say that transport and logistics is such a valuable industry, and provides a great career pathway. I worry that too much focus is placed on university at the moment. University is not the best answer for everyone. Getting your basic education and then starting a career in the transport industry can give you so many opportunities.

10. TRAVIS BROOKS-GARRETT - What can the Government do to better support wharf cartage businesses and depots in Australia?

For transport and logistics businesses, more than wharf cartage businesses, I'd say governments need to constantly work on the planning of cities, and how trucks interact with placement of housing. Industry needs to work 24/7 to get the most out of their assets, so it needs to be removed from residential areas.

Governments need to lock in that big picture, separate residential and industry, and make sure the road system works. There needs to be clearer long-term direction from government, not just promises to win votes at the next election. And that's true for wharf cartage too – the freight task keeps getting bigger, ships keep getting bigger. So governments need to plan and innovate.





Using Technology to Improve Safety, Compliance & Operational Efficiency

By PETER KOSMINA, Chief Executive Officer, Cindicium Pty Ltd

A key element in ensuring the safe transport of containers both at sea and on the road network is the accurate verification of container weights.



Like speeding or fatigue, poor mass management practices leading to the transport of overweight containers poses a significant safety risk to all users of the road network and contributes to earlier deterioration of the road asset. Both adding significant cost to the supply chain

There have been a number of welcome developments that have increased the regulatory compliance obligations of supply chain participants to support the safe transport of containers.

The first of these was the introduction of the International Maritime Organisation (IMO) International Convention for the Safety of Life at Sea (SOLAS) Verified Gross Mass (VGM) requirement on 1 July 2016. The VGM is mandatory for all cargoes to be loaded onto a ship. Whilst a step in the right direction, we know these regulations are being flouted by the export community both overseas and in Australia as evidenced by the high percentages of mis-declared container weights

The second development is the new Chain of Responsibility (CoR) laws that come into effect in October 2018. Although 3 months later than planned, the changes will mean

that, for the first time, any party in the chain who has influence over the transport activity is responsible for safety on the road. This has implications for all parties in the supply chain who consign, pack, load or receive goods as part of business.

Operators will be required to verify that the legal mass of vehicles is controlled for both axle and gross. The options to meet this requirement include use of a weighbridge, on-board scales, estimating the weight from the volume of the load or a combination of these methods.

Unlike for vehicles that have been granted increased road access under the Intelligent Access Program (IAP), semi-trailers with general road access and are not required to have on-board mass (OBM) systems.

It is acknowledged that operators without OBM capability use very manual type systems, including hand marking on the pressure gauges on trucks, to assess the weight of the container and to estimate axle and gross mass. With greater than 70% of the container port task being carried out by general access permitted carriers without OBM, the likely implication of these manual methods is certain operators "running hot" without even knowing it. This has significant safety implications for all road users and the road assets as a result of such practices.

This is an obvious gap in the heavy vehicle regulations that should be rectified.

New and affordable technologies are available and will need to be trialled. The industry will need to invest in products and technology that deliver improved efficiencies and lower costs.

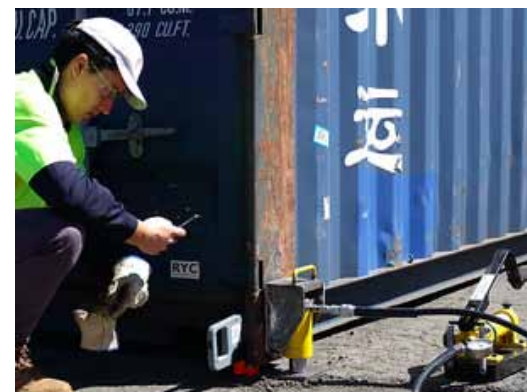
There are enormous safety and productivity benefits of these product and technology.

They facilitate compliance with regulatory requirements, provide a monitoring solution for vehicles not currently required to have on-board mass management systems and reduces the impact on the road network of overloaded containers.

The importance of technology for safer management of the growing freight task has been recognised across the industry, including in the NSW in the Draft Freight and Ports Plan, the Australian Infrastructure Plan and it is also a key focus area of the Australian Logistics Council.

Efficient mass management practices across the entire Industry are essential if the freight task is to be managed safely and more productively.

The SOLAS VGM and CoR laws can provide the catalyst for technology change for all heavy vehicles. It is a must for safety and efficiency. The interoperability and connectivity between systems ideally would provide a single source of truth across the entire supply chain. The opportunity then exists to leverage the data collected to improve freight planning and support heavy vehicle road reform through innovative charging regimes.





John Lines joins Containerchain

Containerchain, creator of cloud-based software solutions for automating and synchronising operations across the landside container logistics industry have announced that industry veteran and outgoing managing director of ANL, John Lines, has joined its Advisory Board in the role of Chairman.

Lines, a recipient of the Order of Australia for services to the maritime sector, brings with him insight and expertise honed over an almost-fifty-year career in shipping. He remains active in the industry and is especially focused on

advising both portside and landside logistics stakeholders to face the opportunities and challenges that digitisation of the container shipping supply chain brings.

Tony Paldano, CEO and founder of Containerchain, commented: "I've known John for many years and there are few in the industry as respected as he is - both here in Australia and internationally. His contribution to - and advocacy on behalf of - the industry is unmatched. I'm delighted to have John join us in the capacity of Chairman of the Containerchain Advisory Board as we continue on our path of transforming the efficiency and productivity of the sector."

Mr Lines said: "The industry is facing a pivotal moment as it grapples with the greatest disruption since the invention of the shipping container. Digitisation offers a way for the sector to operate much more profitably and sustainably, effects I've seen first-hand first as a customer of Containerchain and a stakeholder in the industry. I'm excited to be able to offer

my services to a dynamic and game-changing business like Containerchain."

About Containerchain

Containerchain provides cloud-based software solutions to the landside container logistics industry, dedicated to simplifying operations, improving customer service levels and driving down the cost of moving containers from port-to-door. Trusted by the cargo shipping and landside logistics communities on three continents, Containerchain's platform consists of a modular suite of products that provide real-time paperless tracking and visibility across the supply chain of more than 20,000 import and export container movements daily.

A technology innovator with the DNA of a logistics company, our goal is to help the industry unlock trapped potential and achieve better commercial results. Visit us at containerchain.com to find out more.

Representing the next generation of business leaders

insync executive
a division of Insync Personnel

Unlocking value across the container logistics supply chain



Transport inefficiencies that start at the terminal gate have a flow-on effect right across the container logistics supply chain, trapping value and depressing profitability for all involved.

But it doesn't have to be this way.

Connecting the community of container depots and terminals, cargo owners, shipping lines, and road transporters, Containerchain solutions support synchronised communication and operational predictability.

Features include automated paperless processing, real-time information exchange, container tracking visibility and business analytics for more proactive planning. The result is lowered cost of operations and improved profitability for one of the world's most essential industries.

Unlock more value from your business today. Visit containerchain.com or request a no obligation demonstration at sales@containerchain.com

CONTAINERCHAIN

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The Heavy Vehicle National Law (HVNL) and Chain of Responsibility

Are you caught in the chain and don't know it?

By JAMES COTIS, Logical Insurance Brokers

When thinking about road transport, it is important to remember that we live in such an enormous country with large distances between many of our cities and towns centres. Domestic non-bulk freight moved across these vast distances by road transport in Australia (because of price, speed and convenience) is around 700 billion tonne kilometres annually. According to the Australian Bureau of Statistics, there are 576,000 heavy vehicles on the road moving this cargo. It is predicted that road transport use will increase by around 25% over the coming years.

Given the magnitude of these road movements, it is easy to see why a new Heavy Vehicle National Law (HVNL) has been proposed.

WHAT IS THE HVNL?

The Heavy Vehicle National Law (HVNL) contains some 750 pages of legislation which will impact the way those involved in the logistics industry operate. It is a time-consuming and challenging task for any person involved in the logistics industry to read and understand and whilst we do not intend to go over the proposed legislation in any detail, it's important to observe a few noteworthy facts.

The proposed HVNL commencement date is 1st October 2018 and will establish:

- The **introduction of a general primary duty** on all parties in the supply chain involving road transport to ensure safe practices;
- The **broadening of the liability of executive officers** to require due diligence for safety across the entire HVNL;
- The **increased powers** of authorised officers;
- The **use of industry codes of practice and enforceable undertakings**; and
- The **introduction of new penalties**:

WHY THE HVNL?

Given the size of road transport industry, it is relatively easy to grasp the idea behind the HVNL. Everyone involved in the heavy vehicle industry, such as vehicle operators, packers of goods in vehicles, loaders & unloaders have a part to play in road safety. Even those who have no direct role in driving or operating a heavy vehicle, such as freight forwarders and customs brokers who simply sub-contract transport operators to move cargo, are likely to be caught by this legislation and will share

in the responsibility for the overarching duty to ensure road safety.

As can be seen, HVNL recognises that multiple parties may be responsible for offences committed by the drivers and operators of heavy vehicles and that it will no longer be just the truck driver's responsibility.

THE HVNL AND LOGISTICS BUSINESS

When introduced, HVNL will significantly change the way logistics businesses will operate.

It should be noted that the **primary duty creates an obligation on all executives** (defined as any person who is concerned or taking part in management of the company) to exercise due diligence to ensure the business complies with its primary duty. This will mean that executives will need to proactively manage their obligations under the national law, otherwise potentially be in breach and suffer the resulting fines and penalties. The focus shifts from a breach or incident response to the business practices of the logistics operator. Logistics operators may receive a visit from an investigator who may ask them to provide

details of how the business is managing their obligations.

Therefore, we suggest that logistics operators immediately review the ways in which they engage with their supply chain partners and create systems and/or checklists to assist managing their obligations. It is suggested that logistics businesses open dialogue with their partners to discuss how they can better manage the safety aspects of transport movements.

The primary duty is non-transferable, which means that logistics businesses cannot contract out of this duty. Therefore, it is perceived that Standard Trading Terms and Conditions will be of no effect. Neither will any contracts which seek to shift the responsibility to another party, such as a transport operator.

There is a **Reasonable Steps Defence** available which are actions people can take to ensure they do not contravene HVNL by demonstrating that logistics businesses are compliant. For example, ensuring manuals and proactive processes are in place to meet and manage their obligations.

	DESCRIPTION	MAXIMUM PENALTIES
CATEGORY 1	Breach of duty creating risk of death or serious injury or illness (Reckless)	Individual: \$300,000 or 5 year's prison (or both) Corporation: \$3,000,000
CATEGORY 2	Breach of duty creating risk of death or serious illness	Individual: \$150,000 Corporation: \$1,500,000
CATEGORY 3	Other breach of duty	Individual: \$50,000 Corporation: \$500,000

Need more information?

The good news is that there is plenty of useful information available to assist logistics operators navigate HVNL. For example, the Administrator of the HVNL - The National Heavy Vehicle Regulator - is an excellent source of information. Please refer to their website (www.nhvr.gov.au) for factsheets, checklists, videos, podcasts and a Gap Assessment Tool.

WHERE DOES INSURANCE FIT INTO THE PROPOSED REGIME?

As a general principle, insurance forms part of the overall risk management strategy of a logistics business. It is important that logistics businesses review and implement risk management strategies across all aspects of their business, including the processes to incorporate the *Reasonable Steps Defence*. Having robust risk management processes in place provides insurers with confidence that the business has a good understanding of their risks and are dealing with them appropriately, which can lead to favourable premium outcomes. Insurers do not like to see themselves as the first line of defence should something go wrong.

As part of that review, assess your current insurance program to determine if it remains adequate or requires updating.

OUR GUIDANCE TO YOU

To assist in reviewing your insurance programs, it is important to note that the Liability sections of Truck Insurance policies generally exclude cover for fines and penalties and that Standard

Professional Indemnity Insurance policies generally exclude cover for fines and penalties.

Where Freight Forwarders Liability/Intermodal/Logistics Operators insurance policies form part of the program, locate the Fines and Penalties sections to determine if the policy will respond to HVNL breaches. If cover is available, do the following:

- Check if sub-limits apply;
- Check if the limits are per incident or aggregated annually;
- Check what breaches are likely to be covered;
- Check if higher deductibles (excesses) apply and whether they apply to expert costs such as lawyers and consultants.

We also encourage you to check to determine if the program will respond if breach notices and subsequent fines are issued to executives of the company.

Further, you should be aware that many policies have exclusion clauses if the conduct of executives is *reckless* (see Category 1 offences

noted above), *deliberate* or *wilful*. A claim could be declined in these circumstances. However, some policies may provide defence costs cover until final adjudication, but the sting in the tail is that insurers may claw back those defence costs if a criminal conviction is recorded.

Who we are

James and the team at Logical Insurance Brokers provide specialist risk management and insurance solutions to the logistics industry. Logical is delighted to be associated with the Freight and Trade Alliance (FTA) and is proud to be their appointed insurance adviser since its inception in 2012. James is also a regular presenter at FTA professional development events.

If you would like more information about how a carefully constructed insurance program can help protect your business, please feel free to contact James on 02 9328-3322, email jamesc@logicalinsurance.com.au or visit the Logical Insurance Brokers website at www.logicalinsurance.com.au/logistics.

Disclaimer: This article is designed to provide helpful general guidance on some key issues relevant to this topic. It should not be relied on as legal advice. It does not cover everything that may be relevant to you and does not take into account your particular circumstances. It is only current as at the date of release. You must ensure that you seek appropriate professional advice in relation to this topic as well as to the currency, accuracy and relevance of this material for you.

Making your next Freight or Clearance move?

Think Logical(ly)

Logistics is a risky game but luckily, Logical Insurance Brokers is on your team. We specialise in providing insurance advice for freight forwarders, customs brokers, and transport operators.

Steady your hand; protect your business against freight and clearance liabilities.

Call James on 02 9328 3322
or email jamesc@logicalinsurance.com.au.



Freight Logistics: Digitisation and Disruptors

In the face of rapid industry change, the current message for freight logistics service providers is “adapt or step aside”.

A report from Transport Intelligence, Total Logistics 2018, warns of “a raft of innovative and disruptive business models” that are affecting logistics services.

“Some innovations will have an impact on just part of the logistics process, for example, improving efficiency within a warehouse,” the report states. “Others have the potential to be far more systemic.”

According to the report, these systemic challenges include:

- Mobile apps (like Uber)
- 3D printing.
- Big Data and the Internet of Things.
- Smart phone technology.
- Robotics and autonomous vehicles.
- Augmented reality.

The disruption is due to the “digitisation” of world commerce, an umbrella term that includes Big Data, the Internet of Things, mobile apps – those concepts that depend on digital rather than analogue methods of data exchange and processing.

“[These] are just a few innovations which will become mainstream in the next few years, forcing logistics companies to adapt their operating models, or become marginalised,” the report concludes.

Business agility and Big Data

That imperative – adapt or become marginalised – is driving the digitisation of freight logistics, and has organisations

scrambling for a more adaptable business model. A term often used to describe a successful business model today is that it is “agile”.

With increased agility comes the need to offer more services than used to be traditional, which has resulted in businesses expanding their services beyond traditional boundaries. The largest freight forwarders, distribution companies, express operators, shipping lines, in-house operators and post offices are now developing into “one-stop shop” providers of multiple functions.

An agile business is one that has access to all the data it could possibly need about itself and its environment, and has the tools to process it quickly to make decisions on the fly. This is the real meaning of Big Data, which comes from the flow of information provided by the Internet of Things (IoT).

Every movement of every container anywhere in the international supply chain can be tracked through the IoT’s network of sensors and stored as data.

By applying Artificial Intelligence (AI) techniques to this raw data, predictions can be made about the quickest or cheapest route for each container. Big Data leads to greater efficiency and cheaper costs, so long as you have the right logistics platform with which to enact the solutions it offers.

Congestion and the flow of information

One of the biggest problems for ports and terminals around the world is congestion. This is caused by a lack of transparent information flow, under-utilisation of equipment and inefficient practices.

1-Stop Connections offers a platform solution that involves real time data, information and predictability. 1-Stop’s VBS allows road

carriers to book in any of the 24 time zones per day, which leads to reduced truck queues and down time.

1-Stop VBS provides the capability to optimise port operations. The user-friendly digital interface – for desktop and mobile devices – is the “mediator” of all messaging and information that’s vital to port and freight operations. It provides real-time visibility and transparency not just of available bookings, but essential end-to-end supply chain information. Whether that’s up to the minute booking information for pick-ups and drop-offs, notifications from shipping lines, or real time alerts about road congestion or re-directions, VBS puts accurate data in the hands of the entire port community.

Changes to freight logistics will continue. According to the Transport Intelligence report, “A powerful mix of demand and supply side factors means that further re-structuring is possible, if not probable.”

Those freight companies that can adapt to this restricting and adopt agile business models will remain competitive players in this challenging field.

The open platform like “1-Stop” with a variety of apps (such as the 1-Stop VBS and 1-Stop Modal) that interconnect into any port wide Eco-system will allow you to reap the rewards of productivity, cost saving and increasing revenue today, whilst being future technology enabled around – AI, Blockchain and other advances in technology. The 1-Stop platform of today will enable you for the future of tomorrow.

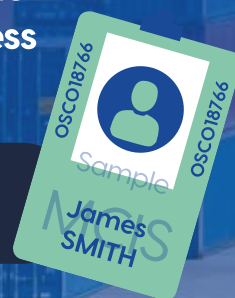
If you would like to hear more on 1-Stop’s open platform, please contact us at info@1-stop.com or visit our website, www.1-stop.com

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www.1-stop.com/atb





Women's International Shipping and Trading Association – WISTA

As outlined in our summary of 2017 / 2018 regional events, WISTA Australia continues to expand its reach and benefits to members.

We are particularly excited in this new financial year to host WISTA's International President Despina Panayiotou Theodosiou at the WISTA Australia National Conference in Brisbane on 9 & 10 August 2018.

Despina was listed as the "96th most influential person in the Global Shipping Industry" by Lloyds List UK and awarded the "Women of the decade in Innovation and Leadership" by the global world economic forum in New Delhi.

Despina will be providing a key note address during the Welcome Cocktail Function at the Emporium, Southbank on Thursday 9 August. The evening will include a series of presentations from industry peers whilst allowing for networking opportunities over dinner and drinks.

The Friday 10 August conference program will include a tour of the Port of Brisbane and DP World terminal, followed by lunch during which we will hear from an Australian Border Force guest speaker and case studies from members. Proceedings will conclude with the WISTA Australia Annual General Meeting.

Non-WISTA members are encouraged to attend this conference (excluding the AGM) and the Welcome Networking Function for an opportunity to meet with peers and hear from inspiring female national and international speakers.



Australian Border Force Breakfast Series – QLD

To find out more please go to the WISTA Australia Facebook page - www.facebook.com/WISTA-Australia

QUEENSLAND

The Queensland Chapter, established in 2011, has grown to be one of WISTA Australia's largest with a range of events held each year. These attract attendees from all parts of the industry including freight forwarding, legal, insurance, shipping line, ports, surveying, haulage, pilots and warehousing.

2018 continues another event filled year with Chinese New Year celebrations, International Women's Day, Movie Night, Trucking Depot Tour, WISTA National Conference and AGM, table at SAL Ball, Breakfast seminars and annual Christmas Party.

NEW SOUTH WALES

The 2017 Women in Logistics Forum was hosted by Freight & Trade Alliance (FTA) in partnership with WISTA Australia. The forum was attended by over 100 industry peers. We were very fortunate to have secured key note presentations from Paul Scurrah (CEO, DP World), Libby Lyons (Director Workplace Gender Equality Agency) and Sneha Chatterjee (former Chief Superintendent, Australian Trusted Trader, Australian Border Force, and Department of Home Affairs).

Building on last year, the 2018 Women in Logistics Forum will be held on Wednesday 8 August at the Mercure Hotel, Wolli Creek – 10.30am to 2.30pm (Registration from 10.00am) and is proudly sponsored by Compliant Customs, Insync Personnel and Thomas Miller Law. We are delighted to welcome our key note speaker Despina Panayiotou Theodosiou - WISTA International President. Ana Hinojosa, World Customs Organisation will also inspire you with her personal journey and the impact of e-commerce on the industry. This will be a recorded presentation from Brussels.

Joyce Campbell (Kings Transport) will share her story and lessons learned from 20 years' experience in the industry.

Due to popular demand Dianne Tapp (World Class Teams) a leading industry trainer will join us and present on "negotiating skills", which will be a great professional development session.





WISTA NSW Australian Border Force Breakfast Series

To register please go to www.ftalliance.com.au/upcoming-events/581 or contact Caroline on czalai@ftalliance.com.au

The WISTA Australia Mentoring Program was launched late last year with an inspiring presentation by Annie Gibbons

(Founder & CEO Lipstick Consulting & CEO Glaucoma Australia) encouraging attendees to strive for success and personal growth. We currently have a number of mentoring relationships underway with personal goals set. Our mentoring partnerships have provided

positive feedback with participants developing new skills and increased confidence in a supportive and trusted environment. We look forward to sharing their journeys with other WISTA members at our catch-ups throughout the year. The WISTA Mentor Program is proudly sponsored by FTA.

This year the Australian Border Force has been undertaking a national industry



*Annie Gibbins – CEO, Glaucoma Association,
Lisa Styrod – WISTA Australia President,
Caroline Zalai – Co-Director, FTA and Naraya
Lamart - Senior Associate, HFW Australia*



Australian Peak Shippers
Association Inc. (APSA)



2018 Women In Logistics Forum

Wednesday 8 August 2018, 10.30am – 2.30pm
(Registration from 10.00am) at Mercure, Sydney International Airport

Keynote speaker Despina Panayiotou Theodosiou - WISTA International President. In 2017 the leading international shipping publication Lloyd's List selected Despina as one of the **"Top 100 Most Influential people in shipping"** and awarded the **"Women of the decade in Innovation and Leadership"** by the global world economic forum in New Delhi.

A recorded presentation by Ana Hinojosa, World Customs Organisation (Brussels) will inspire you with her personal journey and the impact of e-commerce on the industry.

Joyce Campbell - Kings Transport will share her story and lessons learned from 20 years' experience holding senior roles with multinational freight forwarders

Due to popular demand Dianne Tapp - World Class Teams, leading industry trainer will join us and present on "negotiating skills".... a great professional development session which will assist you in business.

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Featuring presenters



Joyce Campbell



Ana Hinojosa



Di Tapp



**Despina
Panayiotou
Theodosiou**

Tickets

FTA Members \$88 (incl. gst) and
Non-members \$110 (incl. gst)

To register please go to
www.ftalliance.com.au/upcoming-events/581
or contact Caroline on czalai@ftalliance.com.au

engagement breakfast series. Sneha Chatterjee, former Chief Superintendent of the Australian Trusted Trader Program and her team provided an update on this program to WISTA across four states. Sneha has a keen interest in advancing gender equality across the Australian public service, particularly in leadership roles across the Australian Border Force. Sneha is the Chair of the department's Gender Equality Network and is committed to the promotion of flexible work practices in her teams. The discussions around the table were very worthwhile with "Changing the Conversation" being the key topic.

On 27 June WISTA NSW held a networking speaker event which was hosted by HFW Australia. Kirsteen Roberts (Chief Mate and WISTA Executive Board member) and currently works onboard the Far Sword, based in Broome WA. Kirsteen shared her very interesting and unique story to the group.

Kirsteen has been working at sea for just over 9 years, starting out as a Deck Cadet and now holds a Chief Mate Unlimited ticket and a degree in Nautical Science from the Australian Maritime College in Launceston. This degree is one of the requirements to gain a Masters ticket which

Kirsteen is working towards achieving by the end of next year.

We would like to thank Kirsteen for sharing her story and the adventures and challenges of working on an offshore tug/supply ship.

VICTORIA

WISTA members in Victoria continue to enjoy a mixture of social and professional events this year. For the first social event of the year we w(h)ined and walked along the Yarra River. We have lined up, to name a few events, a tour of the Port of Melbourne, an industry themed trivia night, some "fun



2018 The W(h)ine & Walk Networking event - VIC



L to R; Rachel Norrie (STS Leeuwin II's relief Bosun and Engineer); Ainslie de Vos (President WISTA WA); Ella Cahtarevic (WISTA WA Vice President); Elsemieke Marren (Woodside-Leeuwin maritime cadet) and Philippa Honey WISTA WA's representative on the national executive).

with flags" (semaphore training) and a Christmas in July dinner.

In March 2018, WISTA Victoria and Australian Border Force held a breakfast seminar in Melbourne as part of the national Australian Border Force breakfast series. Sneha Chatterjee (former Chief Superintendent, Australian Trusted Trader, Australian Border Force, Department of Home Affairs) shared her experiences in the public sector and thoughts on advancing gender equality. A great opportunity for our members to network, share stories and hear from Sneha who is a great ambassador for government and a voice within industry to promote diversity and flexibility within the workplace.



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WA Australian Border Force Breakfast Seminar

WESTERN AUSTRALIA

WISTA Australia's WA Chapter enjoys a strong following and provides regular opportunities to network and learn from female leaders and peers.

In March, twenty five WISTA WA members and friends attended the sundowner on the elegant three masted barquentine Sail Training Ship (STS), Leeuwin II at Victoria Quay. Everyone enjoyed a warm and still evening overlooking Fremantle Port's Inner Harbour. Guest speakers, Rachel and Elsemieke shared details of their STS Leeuwin roles and career journeys. The

arrival of cruise liner Golden Princess added to the experience of the working port.

WISTA WA held a well attended networking and educational breakfast in early June. This event attracted some 40 registrations, giving WISTA WA members and other an opportunity to meet and hear from Australian Border Force Acting Regional Commander Felicity Horrocks. Felicity spoke about the role of the ABF in upholding customs and immigration legislation in WA.

A huge thanks to our Silver Sponsor Fremantle Ports for hosting this great event and of course to our platinum sponsor ABF.

2018 WISTA EVENTS			
New South Wales		Victoria	
8 August Mercure Hotel Sydney Airport	2018 Women In Logistics Forum	August	Fun with Flags – Semaphore Training
3 October Port Botany	DP World Port Operations		
December	Christmas Function	October	Shipping Australia Limited (SAL) Ball
Mentoring Group catch ups throughout the year		November	Breakfast Seminar
		December	Christmas Function
Queensland		Western Australia	
July	Trucking Tour	August	Breakfast/Sundowner Networking Event
August 9 & 10	WISTA National Conference & AGM	November/December	Christmas Function
October	Shipping Australia Limited (SAL) Ball	Note: Further WA networking events still to be announced	
November	Breakfast Seminar		
December	Christmas Function		

We would also like to recognise and thank the following WISTA Sponsors and association partners:

Platinum Sponsor	Australian Border Force
Gold Sponsor	DP World
Silver Sponsor	ANL Victorian International Container Terminal (VICT) Fremantle Ports Mediterranean Shipping Lines
2018 WISTA Mentor Program Sponsor	Freight & Trade Alliance (FTA)
Association Partners	Australasian Supply Chain Institute (ASCI) Freight & Trade Alliance (FTA)



What is the number 1 reason why staff are leaving your business?



Now that question is quite broad and the answer may not apply to your company but I want businesses to be aware of what many employees are looking for these days from their employer.

Insync Personnel has had an influx of candidates looking for new positions, not because they want or need more money, which most people think is the prime motivator, but because the need for increased flexibility.

Due to the cost of living we know more and more households have both partners working. The need for greater flexibility in their working week to accommodate children, study or to achieve a better work life balance is

highly desirable.

Below is a graph that shows there is no discrimination when it comes to men or women wanting this flexibility within their career.

Unfortunately there are many companies within our industry that shy away from the thought of hiring a part time employee over a full time role, let alone the concept of work from home. This is how their business has always been structured, so why would they change it now? Just because your

business operated in a particular way 10 years ago does not mean that it is the best model in 2018.

There are several reasons why adopting flexible work practices can be of a benefit to your business:

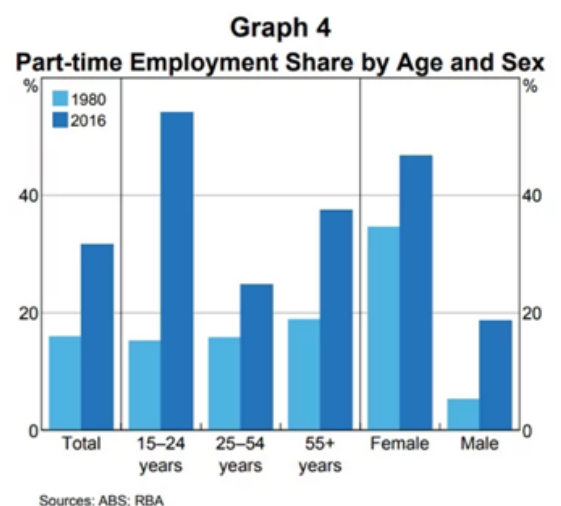
Technology - has allowed staff to work outside the office

Cost – you are only paying for the hours they work

Productivity – most part-time staff complete more work in a shorter time frame

Environment – more cars off the road when staff work from home

Don't lose that staff member you have invested so much time and money on because you couldn't think outside the square to accommodate their needs. It is essential that both employers and employees communicate their needs and work together for solutions to ensure a productive and happy team. Staff are your most valuable asset so look after them!





Happy Silver Anniversary Australia and many more to come!

By MY THERESE BLANK, Sales and Country Manager, Maersk Line Australia

In July this year, Maersk Line will be celebrating our 25th Anniversary of operating a dedicated liner business in Australia. A significant milestone, and a great occasion for us to look back at two and half decades during which we have enjoyed a close working relationship with Australian shipping, counting our many customers, suppliers and logistics operators.

We are immensely honoured to have played an active part in the growth of this diverse and passionately engaged industry. So, first and foremost, let me start by saying a huge thank you from all of us at Maersk Line for your collaboration and support, and for entrusting us with your valuable cargo for 25 years running.

This is also a time to recognise our fantastic team of dedicated Maersk Line employees who have worked hard over the years to facilitate global shipping to and from Australia and who continue to support local importers and exporters with expert advice and personalised services.

More than 3.5 million star-branded containers have made their way to and from Australia during these years. We have carried an ever-growing supply of sneakers, TV-sets, food items and many other household and industrial products, delivered from overseas to Australian consumers and manufacturers across the country. Going out, you have filled our ships with prime-grade beef, wine, dairy, fruit and grain. Many of those commodities proudly carrying the "Made in Australia" label and served at top restaurants and family dinner tables all over the world.

Australia's international trade has quadrupled over the last two decades, and to keep up with the increasing demand for global shipping services, Maersk Line's Australian product offering has also grown exponentially. In 1993, our inaugural service provided a 10-day shuttle frequency to Japan and Korea with two 1,100 TEU size vessels. Today, our largest vessels calling Australia have been upsized to 7,000 TEU and we now operate a total of ten services, making more than 1,000 port calls a year around the Australian coast.

Leaving behind the "good old" days

The anniversary is a good opportunity to also remind ourselves how shipping has evolved over that time, and take stock of what the future holds, because, without question, our most exciting accomplishments still lie ahead of us.

Back in the 1990's, international shipping was a rather lengthy and laborious process. Who can forget the mountains of data processing done on clunky computers running mainframe systems? Or queueing at the customs office to clear a matrix-printed freight manifest? Back then, EDI and the Internet were still some years away, so for customers, shipping lines, terminal operators and all others involved in the cargo supply chain, the work involved was slow, inefficient and analogue.

The "not-so-good old" days of shipping is hard to fathom in today's more technically advanced business environment. Yes, the industry has come a long way over the last 10 years alone, however the end-to-end shipping process is yet to undergo a full blown, digital overhaul as seen in many other service industries.

This is exactly why we at Maersk Line are busy shaking up the way things are done in the industry and paving the way for customer centric, technological enhancements which will enable a more

simple, proactive and paperless shipping process.

It's the dawn of the digital era of shipping and in a network business like ours, we strongly believe that the ability to protect, analyse and utilise data is essential to be able to offer our customers more services, higher reliability and better visibility into the transport of their valuable goods.

Future shipping is smart and connected

You may already have noticed some positive signs that the digital transformation of the supply chain has started to take shape. Several innovation initiatives involving machine-to-machine (M2M) technology are set to transform more and more transport assets to become smart and connected.

In late 2017, Maersk Line launched Remote Container Management (RCM) which involved equipping our fleet of over 260,000 refrigerated "reefer" containers with simple M2M technology - a modem, GPS, wireless SIM card and satellite link. Deployed on a global scale, RCM is changing the concept of supply chain visibility, and the costs and opportunities associated with providing it.

RCM has been well received by reefer shippers across the world. In Australia, the technology is now actively used by nearly 50 export companies who are building RCM into their own "internal" system, and eventually doing away with existing data loggers on perishable shipments. Last November, the product received a "Highly Commended" recognition at the Australian Shipping and Maritime Industry Awards, a great acknowledgement of the industry "game changer" that is RCM.

The paperwork and processes vital to global trade is also undergoing a ground breaking digital end-to-end transformation.

It's astonishing to think about the heavy loads of paper that tower up at every stop on a container's global journey. Our

studies show that when a refrigerated container full of cut flowers is shipped from Mombasa in Kenya to Amsterdam in the Netherlands, almost 30 different parties are part of the transportation process and they communicate more than 200 times!

Following an extended period of research and collaboration, Maersk and IBM are developing an end-to-end global digital trading network based on block-chain technology. The solution has been called Global Trade Digitalisation (GTD) - an open industry platform that will move all administrative processes and transactions associated with a container shipment to the internet.

GTD is undergoing testing of the first two applications covering Paperless Trade and Shipping Information Pipeline. The first digitises trade documentation using blockchain technology to securely submit, stamp and approve documents for clearance and cargo movement. The second gives complete visibility of shipment events through a supply chain.

The entire "ecosystem" of global trade – customers, shipping lines, port operators, freight forwarders and authorities – will need to work closely on joint solutions to get rid of the paper-based, error-prone processes that are currently slowing down the free flow of goods. With GTD, we look forward to collaborating across the industry to jointly

shape the new future of shipping and global trade.

Simple, seamless and personalised products

Maersk Line has a variety of digital projects in development, many focused on improving our customers' experience and propelling our customers' ambitions.

One such initiative is our Maerskline app, which allows customers to track and trace shipments, look up schedules, receive quotes, get live updates, and a range of other features.

The app is part one of a wider journey towards introducing a fully digitised customer solution. Its functions are built on a rich analysis of customer pain points and ultimately, we want the mobile and online experience with Maersk Line to be similar to the consumer experience you get when buying a book online or booking a flight with an airline. A simple, seamless and personalised process that can be done online at your own convenience.

Another newly developed Maersk Line product is Trade Finance, which we expect to launch in Australia and New Zealand in early 2019. Trade Finance simplifies the processes between banks, transportation providers and customers' finance departments. Through Trade Finance, customers have a trade and financing

partner in Maersk Line.

Trade Finance provides a range of features designed to help customers' financing needs and boost their sales. These include "Pre-shipment finance" for procuring of raw materials and meeting working capital requirements for processing and shipment of goods and "Post-shipment finance" granted after the shipment of goods until the realisation of invoice value from the buyer. In addition, "Voyage financing" provides short term working capital loan securitised with the bill of lading that can be liquidated any time during the voyage period.

We will continue to push the digital frontier and focus on providing a better customer experience. Maersk Line customers should be able to pick the right channel for them – digital or voice – manage their business, place their bookings, amend them, follow up on cargo status, pay their bills and ensure that any issue arising is solved promptly on first contact.

There is plenty of cause for optimism as we venture into this new era of shipping and turn the chapter to the next 25 years of doing business in Australia. We could not be more excited for the opportunity to work with all of you to make it happen.


To all the readers of "Across Borders", we wish you fair winds and following seas in the years to come!



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Interview

Xavier Eiglier, ANL CMA CGM GROUP

Travis Brooks-Garrett, Director FTA and APSA Secretariat, speaks to Xavier Eiglier, ANL CMA CGM Group



1. TRAVIS BROOKS-GARRETT:
What are your first impressions of the shipping market in Australia?

After 10 years in CMA CGM I have run different shipping services on various trades, South America, Caribbean, Africa, India and Asia but I began in this region managing the Europe/Oceania NEMO service that CMA CGM launched in 2007. However the largest trades for ANL are between Asia and Australia/New Zealand and these are new to me.

My very first impression: we don't realise enough when we are in Europe how strong the value is and the identity of the ANL brand on this region. Because of this strong value to the market and the strong relationship the ANL team has built up with our customers, the Group has decided both to keep the brand and to keep a strong day to day management in Australia to be as close as possible to our customers.

2. TRAVIS BROOKS-GARRETT:
What attracted you to the role at ANL?

Challenge and development are the key words.

It's a challenge taking over ANL after the fantastic job John Lines has done for ANL.

It's a challenge jumping in this new role to continue with the existing team the development of ANL in Oceania.

It's also a fantastic opportunity to prepare ANL for the future, in a transforming container shipping industry in a new environment (more ecommerce, more transparency to our customers, new technologies).

3. TRAVIS BROOKS-GARRETT:
What is your Vision for the Company in Australia?

First ANL is and has to remain the expert of Oceania, secondly ANL must continue its development in this part of the world

4. TRAVIS BROOKS-GARRETT:
Do you think Australian shippers have different expectations to other shippers around the world?

On most points Australian shippers are not different: We have to offer the best coverage with a strong focus on the reliability of the service we offer and deliver to our customers with more and more transparency in the "customer journey".

However, I am also convinced that ANL must continue to offer this specific close relationship which has been built with shippers throughout the region coupled with a strong Australian organisation able to take quick decisions.

5. TRAVIS BROOKS-GARRETT:
In what ways is the industry changing?

Obviously the industry is changing to deliver more transparency to the market. The digitalisation is and will continue to be a strong game changer for the industry on transparency and to share more and more fast and reliable information to our customers.

However whatever the digital development in shipping, it's crucial for a shipping line to continue to invest in a strong human and personal relationship with our customers. That is the strength of ANL that we will continue to promote.

6. TRAVIS BROOKS-GARRETT:
There has been a lot of media attention in Australia regarding stevedores recovering their operating costs from landside port users via "terminal access fees". Should shipping lines take a view on this?

We understand that new or increased charges are never welcome within the logistics chain and that is why we push our stevedores to be open and transparent regarding the calculation and implementation of these charges. They need to be reasonable and they need to be fair. The point must also not be lost that these charges largely originated and have proliferated due to port privatisations and the rental increases pushed onto tenants of the various ports.

7. TRAVIS BROOKS-GARRETT:
In the future do you see shipping lines taking more of a leading role in landslide logistics in Australia?

Indeed I think that some Australian exporters and importers are asking shipping lines to offer more integrated logistics services. Shipping lines will

continue their development where there is a market demand.

8. TRAVIS BROOKS-GARRETT:
What is your view on innovation and technology?

Indeed within the CMA CGM Group, ANL does embrace the same strategy of accelerating innovation and digitalisation.

We think digitalisation in three main areas:

To improve the Customer Experience in our organisation: Our customers' expectations are evolving towards more ease of doing business and more efficient and interactive track and trace of their cargo. Markets standards change because our customers need shipping lines to develop new applications and new digital products. We need to stay ahead of the game and anticipate these changes.

To open new roads to market: We think the development of new digital products will open new markets that we don't serve today offering new services (tracking services, shipping or trucking digital marketplaces)

To optimise our operations (fleet management, line network optimisation, cargo flow optimisation): Digitalisation is a way for us to improve our operational performance and create value. For Example: We work on routing optimisation for our vessels to continue to reduce bunker costs and improve transit time. We have now within the Group three fleet centres in Marseille, Miami and Singapore enable constant monitoring of our fleet and real-time optimization of routes

9. TRAVIS BROOKS-GARRETT:
With the IMO announcing ambitious greenhouse gas emission targets, do you think this will effect Australia's shippers?

From 1 January 2020, all ships and vessels operating anywhere in the world will be required to use fuel which contains a maximum of 0.5 per cent m/m sulphur. This was agreed by the International Maritime Organization (IMO) in 2016. These new regulations will impact on shippers right around the world and Australia will not be immune.

To meet these new rules vessels will need to either burn low sulphur fuel to start with or deal with vessel emissions

by way of onboard exhaust treatment plants called "scrubbers". Either way costs will increase substantially and these extra costs will need to be passed on.

10. TRAVIS BROOKS-GARRETT:
Importantly, who is your football team?

It's indeed a Religion it's maybe the reason why I picked The Saints!

Am pretty sure they will be better next year...and I like their motto "Fortius Quo Fidelius"something like "Loyalty makes you stronger".



Navigating the risks of stevedoring

By TONY DESIRA – General Manager of Operations, Victoria International Container Terminal (VICT)

Little over a year ago, Victoria International Container Terminal (VICT) welcomed its first vessel to Australia's most automated container terminal, located at Webb Dock East, Port Melbourne. The newly built, world class container terminal has been at the forefront of innovation and technology by collaborating with industry experts, such as Kalmar, Bromma, Navis, ABB and ZPMC. The facility operates by integrating several systems with equipment that include 5 Neo-Panamax ship-to-shore cranes, 20 Automatic Stacking Cranes (ASC) and 11 Automatic Container Carriers (ACC).

The stevedoring industry has changed over the years to welcome new technologies and equipment that improve safety standards. The introduction of these technologies has meant VICT can reduce the majority of serious risk and dangerous situations associated with the industry.

In a horrifying statistic, the International Cargo Handling Co-ordination Association (ICHCA) reports that one person around the world dies every week due to a stevedoring related injury. Stevedoring can be an unpredictable industry due to the constant changes in the environment, including; high winds, lightning, poor visibility due to rain, fog or significant vessel movement. WorkSafe Victoria describes stevedoring as, "a vast array of environmental, physical, mechanical and psychosocial risks." The introduction of automation reduces the unsafe and risky environments for personnel.

After the recent Global Shippers Forum and ICHCA International Conference in Melbourne, Captain Richard Brough, ICHCA International and IMO Maritime Safety Committee, believes "automation is removing people from danger". And that can be achieved by getting people out of the container yard and moving them to other, higher skilled jobs. Being an automated container terminal, VICT eliminates many of these risks because the cranes are operated in a control room 1.2 kilometres away from the quay.

Industry experts in port automation, Kalmar, recognised there is a myth behind automation; that it will give higher productivity, reduce overall costs and have faster performance. In reality, automation brings consistency, predictability, reduces damages, improves planning and delivers accuracy. All of these factors provide a safer work place with less damage to equipment.

Laurence Jones, Director Global Risk Assessment from TT Club, the leading provider of insurance to the international cargo handling industry, stated at the recent Melbourne conference, "the biggest insurance costs relating to container packing issues is the cargo not being secured. This can result in the cargo moving and causing the container to be eccentrically or unevenly loaded which can result in trucks overturning and trains derailing". If the right technology is implemented, this could be picked up earlier within the supply chain. The load sensing spreaders used in VICT's Automatic Stacking Cranes (ASC) picks up any discrepancies and if there is an eccentric load, we can warn the truck drivers. The ASCs measure the load of the cargo from both ends of the container, with the spreader weighing

technology being 99 per cent accurate.

Jones hopes that container spreader twistlock load sensing technology, like that used at VICT, which can measure eccentricity, "will one day be standard like seat belts in a car, as it will save lives". Currently the onus is on the shipper to make sure the cargo is secured and packed correctly. All cargo should be weighed when it's packed, this does not always guarantee it is correct. A number of imports arrive at VICT with a significant deviation to the declared weight, exports are not as sizeable but still have some variance. Our technology allows us to correct these weight inaccuracies. If this technology was universally used by all stevedores, the risk could be controlled by elimination or isolation earlier in the supply chain process. If there are any discrepancies, we notify the trucking company through our Vehicle Booking System (VBS) of the container weight so they send the correct trailer to collect the container.

By harnessing the equipment and technology available at VICT, we have the potential to deliver a service to assist with the new provisions to the Chain of Responsibility (CoR), which will come into effect on 1 October 2018. These changes ensure all components of the supply chain are compliant with allowable weights, vehicle dimensions, load restraint, driver fatigue, vehicle speed and maintenance.

Safety in the workplace is a right, but also an obligation, a Danish proverb states 'if you have the ability you have the obligation'. As an industry we take on the responsibility and should always be proactive about eliminating risk and danger in what has traditionally been one of the most dangerous industries in the world. There is little doubt that automation has provided many safety benefits and in the future this will only continue to improve as we continue to innovate.



A truck reversed into a block with the spreader picking up the container at Victoria International Container Terminal.



VICT. Redefining excellence.

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www.vict.com.au

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Container Terminal**
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The Port of Newcastle is ready to move on the development of a world class container terminal.

A new, East Coast supply chain alternative

The Port of Newcastle provides the following commentary stating the need for a level playing field to allow shippers the option of an alternate NSW container port.

As the largest port on Australia's East Coast, the Port of Newcastle has decades of experience and a proven track record in handling all kinds of cargoes including containers, bulk liquids, project cargo, general cargo and dry bulk.

The Port of Newcastle has developed a concept for a container terminal that will increase the competitiveness of Australian importers and exporters. Few Australian ports can match the natural advantages of the Port of Newcastle which include:

- Lower cost road and rail options with significant capacity;
- Close proximity to NSW importers and exporters providing a shorter and more efficient journey by road or rail;
- Ability to deliver heavy vehicles

to the national highway network, north, south and west – no tolls, minimal traffic lights and without going through residential areas;

- Vessel handling capabilities over 10,000 TEU with some ancillary channel modifications;
- Existing planning approval for up to 350,000 TEUs per annum and capacity for a larger terminal as required;
- A channel that can accommodate a significant increase in vessel movements with no material impact on current trade throughput or terminal turnaround times; and
- Receiving of trains up to 1.5km in length.

The benefits of a Newcastle container terminal for NSW and the wider national economy are

well established and backed up by a recent study by Deloitte Access Economics. The study affirms that a Newcastle container terminal could deliver cost savings of more than 30% for central west and northern NSW exporters, savings for importers as well as a reduction or deferment in public spending. In addition, the study confirms the Hunter region and Northern NSW as the destination for over a quarter of all container imports to NSW, as well as the source of almost 40% of exports

The Port of Newcastle is ready to move on the development of a world class container terminal. To make it happen, Newcastle needs an opportunity to compete on a level playing field. Our interest is in unlocking productivity-enhancing competition and improving freight and port efficiencies in NSW. There

is no credible case for distorting the market through the of spending taxpayers' money on infrastructure that benefits select private businesses without assessing lower cost alternatives

With Australian freight predicted to double in the next 20 years, a Newcastle container terminal will provide a new, East Coast supply chain alternative and provide a competitive choice for importers and exporters to increase their global competitiveness. The ability of the Port of Newcastle and its team to drive this is second to none.

NEWCASTLE CONTAINER TERMINAL

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**We have the land, channel and supply chain connections
to begin *NOW*.**

FIND OUT MORE

Contact Trade & Business Development

📞 +61 2 4908 8200

✉️ trade@portofnewcastle.com.au

🌐 www.portofnewcastle.com.au

🌐 [linkedin/portofnewcastle](https://www.linkedin.com/company/portofnewcastle)



A smart digital rate solution for freight forwarders

Mizzen has been working for nearly two years with nine partner shipping lines and a wide range of freight forwarders to introduce both sectors to the benefits of transacting in the digital channel via our platform mizzenit.com.

For the freight forwarder customers, the Mizzen platform helps by saving time in the rate quote process, giving group transparency, and providing a completeness of information, all managed in one easy to use interface. You can:

- Find out which shipping lines can service a required port pair
- Search multiple port pairs for comparison in one request
- Quickly get rates from those lines, with five lines providing live prices

- Rates are overlaid on sailing schedules with filters for ETD and transit times and other key schedule information
- Break down of local charges for full cost exposure comparison
- And the ability to book directly through the platform

Mizzen is constantly looking for ways to help both the shipping lines and their customers improve their business outcomes and create new opportunities by using technology.

Mizzenit.com is built from shipping industry experience, our team combines industry knowledge with extensive digital and technology capability from working at NYK, CP Ships, Damco, FJT Logistics, Amazon, Atlassian, Fairfax Digital and other companies.

An example of the industry focused products we've developed is the space and equipment guarantee pilot product for exporters. It was built in partnership with an innovative shipping line to help manage peak season pressures on space and equipment.

This product helps improve certainty of shipment on a nominated vessel for both the carrier and their customer with consequences to the defaulting party should a booking not be fulfilled.

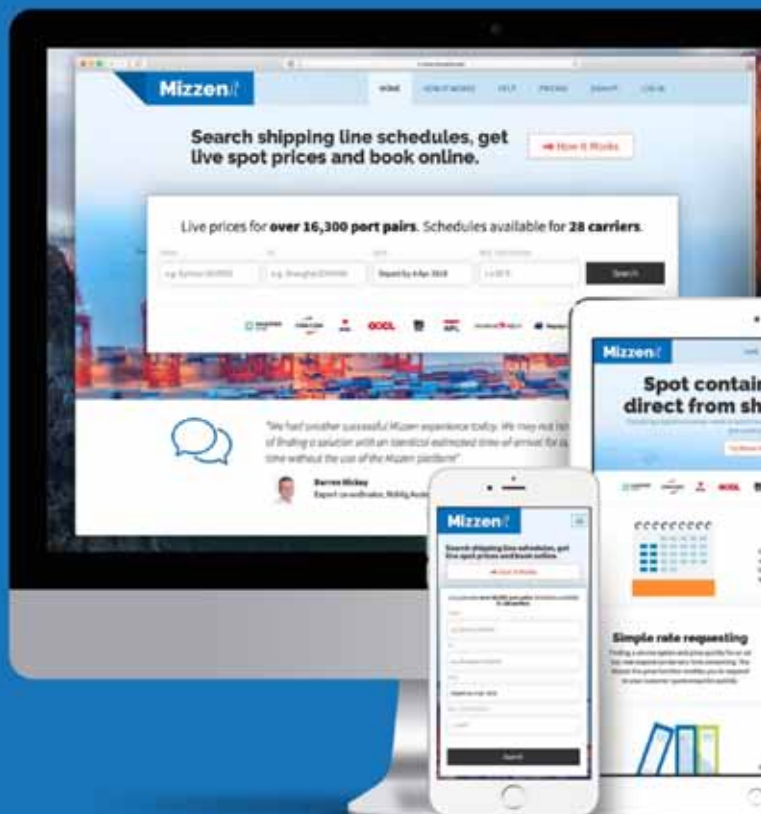
Digital will not be the channel and solution for every shipment but it will co-exist and complement the existing shipping line service offering. It will create a new market where shipping lines can deliver new products with a range of value attributes to better serve their customers needs. It is Mizzen's mission to help achieve this.

If your company is interested in joining Mizzen please contact jcharles@mizzenit.com to discuss further, or simply go to www.mizzenit.com/ftadeal to get a special FTA free access deal.

Search. Compare. Book.

A Smart Digital Rate
Solution for Freight
Forwarders

Mizzenit



Paperless business processes and E-freight in the forwarding sector

How investments in technology can lead to supply chain transparency

By KATIE KINRAID, General Manager APAC, BluJay Solutions

Sea and airfreight forwarders' operations are changing rapidly due to stricter customer requirements, updated laws and regulations, new initiatives by industry organisations, and growing pressure from shippers and logistics service providers (LSPs).

In order for organisations to safeguard and strengthen their position within the industry and stay ahead of changes, they need to be able to respond quickly to new opportunities and changes. To do that, organisations will need an IT system that can capacitate the digital exchange of data and documents, especially when the age of electronic and paperless business is here.

Trends in the forwarding world

Shipping agents and forwarders today are faced with increasing fragmented flows of goods that lead to more data, as well as more customers demanding better visibility into the supply chain and the location of their products.

Over the past few years, the amount of sea freight has grown rapidly in comparison to airfreight as buyers want to reduce costs. Production locations are being relocated closer to customers and there has been an increase in business hubs in the Middle East, meaning goods produced in Asia can now be delivered faster to customers in Europe.

With smaller margins and changes in laws and regulations, forwarders are now addressing these trends by streamlining processes for greater efficiency.

Standards in the Air and Sea Freight Sector

In sea freight, there are many ways of exchanging data and standards as there are more links. This is true in the

supply chain that covers the shipping of goods between Asia and Europe, but the transit time here is much slower than airfreight.

Additionally, in the sea freight sector, the size and length of the supply chain means that a huge number of companies are active, creating certain risks. When every link develops its own Application Programming Interface (API), there is a risk that the messages exchanged through these will not all have the same structure, making the data exchange problematic.

Regardless, there are still companies that develop their own APIs not only because their IT departments believe those APIs are more compatible with the company's internal structure, but also because forwarders believe that it strengthens their position in the supply chain.

Pressure from customers is only going to increase and if forwarders do not start making data transparent, such as track and trace data, this will work against them. The ability to seamlessly exchange data is crucial to gain insights into the delivery of goods across different modalities, and with that, the role of forwarders will change and multimodality becomes increasingly important.

What do these standards and changes mean for forwarders?

While shippers pressure forwarders to digitise their data and supply it in digitised format, the government needs



to help stimulate these developments at national and regional levels.

The digitisation of data and documents will ensure that data can be exchanged in the supply chain easier and faster. This way, the government can inspect, approve or reject goods in a smoother process. Shippers can be kept informed and LSPs and transporters will also be able to quickly identify the status of goods flow.

Given the pressure to digitise, forwarders must start preparing and strategising for the necessary investments and find a solution from a reliable supplier.

Forwarders' challenges and opportunities

The main challenge facing forwarders is the need to supply clients with the right data at the right time. Under pressure from changes, such as the emergence of e-commerce and a new generation of planners, the focus is now on collecting and supplying data. Forwarders will have to focus not just on providing data, but also on making that data manageable.

LSPs are already starting to react to the need for modern technology because of the relation they have with supply chain partners. Access to an extensive network of transporters is a great advantage, but recent developments such as the emergence of freight platforms and online portals to which transporters (sometimes under pressure from shippers) can be connected may undermine the current position of forwarders.

A direct consequence of not reacting quickly enough to the needs of large online retail players such as Amazon and Alibaba, is that they then take the role of forwarder themselves. In the case of Amazon (through Amazon Fulfilment) and Alibaba (Cainiao), they offer their customers an "one-stop shop" under its own brand. A customer can place an order, track, and trace it, contact the supplier about the precise delivery moment and experience the completed delivery all in the same environment.

While it's crucial to switch to newer standards, businesses who first

adopt modern IT will no doubt run the risk of working with parties that are not as developed. In such cases, there is sometimes no choice but to 'downgrade' messages in hopes that the carrier can read these too.

Nonetheless, there are still opportunities for parties that invest wisely in a good internal organisation and an IT department that can seamlessly exchange data with one another. The best way to start is to make things simpler, such as making data available to supply chain partners. This would seem to undermine the position of forwarders, but it will ultimately mean a stronger position in the supply chain.

The market in which air and sea freight forwarders operate is changing fast. Customers and government organisations are forcing the traditionally conservative forwarders to invest in organisational adjustments and IT tools they can use to make the supply chain more transparent and to share data faster with supply chain partners.



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BorderWise offering to FTA members

I am delighted to advise that Freight & Trade Alliance (FTA) membership fees will again remain unchanged for the 2018 / 2019 financial year.

Furthermore, we have released a new membership offering (Premium Plus) providing further cost savings with the inclusion of all online Continuing Professional Development (CPD) and Continued Biosecurity Competency (CBC) training for your customs brokers via our e-learning platform www.ComplianceNetFTA.com.au

While FTA leads the way in the provision information, advocacy and CPD / CBC training services, we continue to expand our partnerships with leading

professional entities in the delivery of commercial services to members.

The latest benefit is provided through the FTA partnership with WiseTech Global in bringing to you BorderWise, a world leading search engine with a comprehensive technical library for customs brokers, self-reporters and other logistics professionals.

Effective from 1 July 2018, CargoWise One users that are FTA Premium Members will have FREE access to BorderWise Single Window providing access to documents relevant to Australia for all trade regulation.

FTA members also receive discounts for the following BorderWise functionality:

- Pro Pack – comprising the Australian content plus the WCO HS (HSEN) notes
- BorderWise Global Entry – comprising all countries and content that publishes in English and will later include translations for non-English countries

For further detail about the BorderWise offering, FTA membership upgrades, benefits or services, please refer to our feature article at www.FTAlliance.com.au/news/14726 or feel free to contact me direct.

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Long-term growth planned for WiseTech Global to meet emerging logistics needs



Richard White, founder and CEO of WiseTech Global, delivered a keynote presentation at the Global Shippers Forum and ICHCA International Conference in Melbourne on 10 May 2018. Titled "The Future of Customs Compliance Technologies and a Vision of Single Window for Trade" the presentation examined advancing technologies such as machine learning, the rapid expansion of e-commerce, lines blurring between 1PL, 2PL and 3PL, and increasing regulation and complexity.

The presentation brought another dimension into the equation, highlighting Single Window reforms and their increasing importance in the new security environment, with an emphasis on advanced information and risk analysis. In supporting industry by meeting these challenges on a global basis, White explained that the WiseTech Global Strategy is to invest in research and development but also to buy into market positions that would otherwise take years to build and integrate swiftly, driving value across the platform.

Following the conference WiseTech Global announced the issue of \$100 million in shares to a single global institutional investor. In an ASX announcement White stated, "The funds will be utilised in the continued disciplined execution of our stated strategy. Through this single transaction, we add further strength to our balance sheet and increase the capacity at which we can accelerate our long-term growth."

MEDIA RELEASES

JUNE 2018 WiseTech Global, acquires US parcel shipping TMS provider, Pierbridge

WiseTech Global announced the acquisition of Pierbridge, a leading parcel shipping transportation management solution (TMS) provider to medium and large shippers in the United States.

Headquartered in Massachusetts with development offices in the UK and Finland, Pierbridge offers an enterprise-class, multi-carrier, parcel shipping solution, which streamlines carrier selection, booking, label printing, tracking, invoice reconciliation and BI reporting. Pierbridge provides its parcel shipping TMS direct to customers and through solutions providers including Pitney Bowes, Logistyx and others. Pierbridge's technology automates many large shipping operations across the manufacturing, healthcare, financial, technology and e-commerce sectors for end-users including Overstock.com, Siemens, US Homeland Security, BNY Mellon Bank, Texas Instruments, Genentech, Mazda, Home Depot and Menards.



Mark Hall (Deputy CFO, WiseTech Global), Bob Malley (Managing Director, Pierbridge) and Mark Picarello (Chief Operating Officer, Pierbridge)

WiseTech Global Founder and CEO, Richard White, said "E-commerce is driving significant parcel shipment growth internationally and domestically. Pierbridge's parcel shipping TMS offering allows freight forwarders, warehouses and shippers, such as online retailers, to more efficiently manage high volumes of parcel shipments, and will enable our customers to ship with US-based global couriers. Pierbridge's parcel TMS is a scalable technology we can converge and expand with our next-generation e-commerce solutions as we drive deeper into global e-commerce fulfilment."

"Across the WiseTech Global group we are building out the cargo chain ecosystem to deliver realtime visibility, control over margins, faster movement, more efficient use of resources and error reduction across all transport modes for our customers. Bringing the Pierbridge parcel shipping TMS expertise and multi-region development teams into the WiseTech Global group now, expands and accelerates the development of our scalable high-volume domestic and international

fulfilment ecommerce solutions. Along with our deep cross-border and international logistics capability and global execution platform, this transaction ensures we are well-placed to solve the increasingly large international e-commerce problem set."

Pierbridge's Managing Director, Bob Malley, said "Becoming part of the WiseTech Global group is an exciting step forward for Pierbridge. E-commerce is driving worldwide demand for smaller, more frequent, last-mile delivery of shipments across borders. By integrating our parcel TMS solutions with WiseTech's CargoWise One platform, we will enable Pierbridge customers and partners to extend control of parcel shipping processes well beyond North America. With their global infrastructure, cross-border logistics expertise and deeply integrated logistics capabilities, WiseTech Global provides Pierbridge with a unique opportunity to address complex international parcel shipping worldwide. Together we will develop advanced solutions for the exponential growth in volumes to come."

Remaining under the leadership of Bob Malley, Pierbridge will continue to work with its partners to deliver innovative parcel shipping TMS solutions to shippers worldwide. Pierbridge will also have access to the 7,000 logistics providers across the world who utilise WiseTech's integrated supply chain execution solutions.

Pierbridge's parcel TMS platform, Transtream, can be deployed on premise in locations that are shipping hundreds of thousands of parcels each day, or can be accessed from the cloud to enable ecommerce businesses to streamline omni-channel shipping processes from suppliers, stores, offices and warehouses. Transtream automates rating and delivery times in shopping carts, controls costs, and provides better shipping visibility for customer service. Pierbridge and its technology partners, Logistyx and Pitney Bowes, have achieved FedEx Compatible Platinum certification, based on shipping volume throughput, support of FedEx's most current service offerings, and other key certification criteria. Pierbridge has also earned UPS ConnectShip Platinum certification status. Across 130 countries, CargoWise One enables logistics service providers to execute highly complex transactions in areas such as freight forwarding, customs clearance, warehousing, shipping, tracking, land transport, ecommerce, and cross-border compliance and to manage their operations on one database across multiple users, functions, countries, languages and currencies.

This transaction follows WiseTech's other recent logistics solutions acquisitions in Canada, France, Belgium, Ireland, North America, Australasia, Italy, Germany, Turkey, the Netherlands, Argentina, Brazil, Uruguay and Taiwan, and is in line with WiseTech Global's clearly stated strategy of accelerating long-term organic growth through targeted, valuable acquisitions.

JUNE 2018 - WiseTech Global announced the acquisition of Fenix Data Systems ('Fenix'), a leading customs management solutions provider in Canada.



Fenix Managing Director, Randy Snyder

Headquartered in Ontario, Fenix offers a range of cloud-enabled customs compliance solutions including Customs Self Assessment functionality and CBSA direct connection. Fenix's customers include DHL Express, Farrow, ITN Logistics, Swissport Cargo Services, and many other logistics providers and organisations.

WiseTech Global Founder and CEO, Richard White, said "Border security, tariffs and cross-border clearances into and out of the US are a critical compliance component. Fenix brings deep customs and border technical expertise, with a specialised focus on cross-border road and rail movements, into the WiseTech Global group adding further expertise, volume and strength to our US Canada cross-border solution." Fenix's Founder and Managing Director, Randy Snyder, said "Joining a global leader like WiseTech will help us further develop and implement next-generation customs solutions. The combined strength of our organisations will help make customs and cross-border compliance management in Canada much more efficient for our customers."

Remaining under the leadership of Randy Snyder, Fenix's operations will be integrated within the WiseTech Global group and Fenix will continue to deliver its customs software solutions directly to its own customers, along with CargoWise One.

CargoWise One enables logistics service providers to execute highly complex transactions in areas such as freight forwarding, customs clearance, warehousing, shipping, tracking, land transport, ecommerce, and cross-border compliance and to manage their operations on one database across multiple users, functions, countries, languages and currencies.

MAY 2018 - WiseTech Global acquires US specialist LTL TMS provider SaaS Transportation

WiseTech Global announced the acquisition of SaaS Transportation – a specialist U.S. transport management solutions provider for Less Than Truckload (LTL) shipping.

SaaS Transportation provides LTL and logistics transportation management solutions to third party logistics companies and shippers with integrated quoting, booking and tracking. SaaS Transportation also offers a specialist LTL freight rating engine with connections to LTL carriers including FedEx Freight, Con-way Freight/ XPO Logistics, Day & Ross Freight, Old Dominion Freight Line, UPS Freight and YRC Freight.

WiseTech Global Founder and CEO Richard White said, "The U.S. road transport industry within the 'Less than Truckload' sector is a sizeable market. Adding specialist provider SaaS Transportation – which has connections to over 70 U.S. LTL carriers, valuable market knowledge and U.S. LTL road rate capabilities – to the WiseTech Global group fits into our adjacency acquisition strategy and will extend our road booking and road rates offering to our customer base."

SaaS Transportation's Managing Director Ken Pehanick said, "We are pleased to join the WiseTech group as it brings to us a global infrastructure and significant innovation capacity that will help us accelerate our product development and expand our customer reach."



SaaS Transportation's Ken Pehanick (Managing Director) and Ilango Namasiyayam (Chief Operating Officer)

Remaining under the leadership of Ken Pehanick, SaaS Transportation will continue to develop and deliver its LTL shipping solutions directly to its U.S. customers, and potentially to the 7,000 logistics providers across the world who utilise WiseTech's integrated supply chain execution solutions.

MAY 2018 - WiseTech Global acquires Turkish logistics and customs solutions provider Ulukom

WiseTech Global announced the acquisition of Ulukom – a leading logistics and customs solutions provider in Turkey.

Headquartered in Istanbul, Ulukom offers a range of logistics, customs, freight forwarding and warehouse solutions included in its Logistics Information Management System, which is designed to carry out financial and operational transactions on an integrated platform. Ulukom's customers include MSC, Maersk, CMA-CGM, APL, Çelebi Ground Handling, Arkas Line, ONE, Panalpina and CEVA Logistics, and many other logistics providers and organisations.

WiseTech Global Founder and CEO Richard White said, "As the bridge between Europe, the Middle East and Asia, and one of the EU's largest trading partners, Turkey has long been a key market in the region and globally. Ulukom brings valuable experience, management and industry knowledge to the WiseTech Global group, which will deepen our reach in this important Eurasian market. Combining Ulukom's Turkish logistics and customs expertise with our wider global innovation capabilities will help deliver better solutions to more logistics service providers."



L to R: R&D Director İlker Pakten and Managing Director Erkin Findik

Since 1987, Ulukom has delivered industry breakthroughs to the Turkish market including the first e-signature, mobile-based cargo manifest and detailed customs declaration, ERP for port and ship transit agencies and ERP with vehicle load and route optimisation.

Ulukom's Managing Director Erkin Findik said, "We have a shared vision with WiseTech to build out logistics and customs solutions that will enhance the supply chain and improve trade. As part of the WiseTech Global group we will be able to increase our development and deliver even higher productivity, integrated and automated solutions to our customers, which will benefit the broader Turkish market."

Ulukom's R&D Director İlker Pakten said, "Ulukom has over three decades of logistics and customs management experience, which, combined with the WiseTech Global group, will create benefits for logistics service customers of all sizes in Turkey and the surrounding markets in this region."

Remaining under the leadership of İlker Pakten and Erkin Findik, Ulukom's operations will be integrated within the WiseTech Global group and Ulukom will continue to deliver its software solutions directly to its own customers, along with WiseTech's integrated global logistics platform, CargoWise One.

APRIL 2018 - WiseTech Global acquires three leading logistics solution providers across Latin America and Europe

WiseTech Global announced acquisitions of three leading logistics solutions providers. The Argentina-based PB & Assoc. ('Forward') and Uruguay-based Softcargo,



which together cover 16 countries in Latin America, as well as leading French customs solutions provider EasyLog.

WiseTech Global CEO Richard White said, "We continue to further strengthen our global market presence by adding leading logistics solutions providers, in key trading regions across Europe, Latin America and Asia, into the WiseTech Global group. Forward and Softcargos help us fill out our footprint in Latin America, while EasyLog is key to customs in France. These solution providers have established operations, infrastructure and extensive experience, as well as strong leadership, making for a very good fit with WiseTech Global."



Forward: Jorge Posbeykian and Jorge Buchter

Headquartered in Buenos Aires, Forward's freight forwarding management and accounting compliance logistics solutions are offered throughout Latin America to customers including Damco, Delfin Group, DSV, Waiver Group, Yusen Logistics and Zach Logistics.

Headquartered in Montevideo, Softcargos offers freight forwarding management solutions in Latin America including accounting, tracking, warehousing and fleet management products to customers including Senator International, Röhligh, DB Schenker, Kerry Logistics, and many other freight forwarders and corporate logistics operators.

WiseTech Global CEO Richard White said, "Home to over 600 million people, Latin America is a key trading region where WiseTech Global started building its capabilities last year when we acquired Bysoft, the largest provider of automated customs solutions to the logistics industry in Brazil. By adding Forward and Softcargos to the group, WiseTech now has a strong presence in Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela. These acquisitions comprehensively fill out our Latin American coverage and give us a very strong presence across the region from which to build further."

"Given the challenges and complexities of cross-border logistics in Latin America,

our combined strength will help us deliver a larger and more powerful portfolio of integrated logistics solutions to regional and global logistics providers and accelerate our development of CargoWise One native capabilities in Latin America. This represents a big step forward for our global and regional customers, who can be confident of our commitment to Latin America and our intention to keep relentlessly innovating to improve our logistics execution solutions for all of our customers. We are looking forward to working together with both Jorges and Ruben and their talented local teams to achieve this."

Forward will remain under the leadership of joint Managing Directors Jorge A Posbeykian and Jorge Buchter.

Posbeykian said, "We have been developing leading freight forwarding software in Latin America for over 25 years and we believe that our customers do more than just move cargo – they operate complex businesses in challenging and changing environments. Joining the WiseTech Global group will enable us to better support our customers and help them drive even more productivity improvements and efficiencies in their logistics operations."



Softcargos: Jorge Lopez Cleiman, Ruben Lopez Cleiman, Gabriel Honorio, Bernardo Duck

Softcargos will remain under the leadership of Managing Director Ruben Lopez Cleiman, who said "WiseTech Global brings to Latin America all the power of its global logistics platform, to which we can add Softcargos' 20 plus years of experience and local knowledge. This will be a great benefit for all of our existing customers both large and small. We will now be part of a global group with a presence in 130 countries, which will give us the opportunity to deliver greater solutions and create new industry productivity capability in Latin America."

Headquartered in Franconville, France, EasyLog offers a range of customs clearance and tracking solutions, including a direct link with French Customs, to ensure efficient and accurate customs management for customers such as DHL Global Forwarding, Nippon Express, Acte International, and DSV, as well as first-party logistics customers such as Air France Industries,

Sanofi and Salomon.

WiseTech Global CEO Richard White said, "EasyLog joining the WiseTech group is a key step in building out our European customs capabilities and shows our strategic commitment to Europe and to continuing our foothold geographic strategy. France is the second largest importer and exporter in Europe so a strong local footprint and local commitment here is essential. Combining EasyLog's well-regarded customs solutions with the powerful CargoWise One integrated platform will help us to deliver a deeper, more comprehensive customs solution for European and global logistics service providers."

"Bringing the EasyLog management and customs expertise into the Group complements our recent European acquisitions in Belgium, the Netherlands, Ireland, Germany and Italy. We are looking forward to working together on the next-generation of customs solutions for France."



EasyLog: Alain Gronier and Vlad Bilanovsky (WiseTech)

EasyLog will remain under the leadership of Managing Director Alain Gronier, who said, "We have dedicated 18 years to building up our advanced customs and transport logistics solutions, delivering exactly what our different customers need for their business. Joining the WiseTech Global team will allow us to continue working with our freight forwarding, logistics and import/export customers in France, and to accelerate our product development to ensure they receive the most productive and effective tools."

Forward, Softcargos and EasyLog operations will be integrated within the WiseTech Global group and will continue to deliver their leading logistics software solutions directly to their own customers, along with WiseTech's powerful global CargoWise One platform.

CargoWise One enables logistics service providers to execute highly complex transactions in areas such as freight forwarding, customs clearance, warehousing, shipping, land transport and cross-border compliance, and to manage their operations on one database across multiple users, functions, countries, languages and currencies.

A wake-up call for forwarders: Malign Cyber Activity is here to Stay

Following earlier articles on Cyber Risks in the Autumn edition of *Across Borders*, Peregrine Storrs-Fox of freight transport insurer, TT Club looks at the potential risks of cyber crime, particularly impacting forwarders and transport operators through the supply chain, stressing that the dangers are now ever present.

As evidenced by last year's "Not Petya" cyber event impacting the A P Moller-Maersk Group, and a similar virus affecting TNT amongst others, cybercrime has become increasingly commonplace within the freight industry.

The problem is intensifying. At a global level reports by AV-TEST indicate that on average 4.2 new files of malware code were generated every second last year.

Many freight forwarders and others offering supply chain services have operations characterised by widespread office networks and a reliance on multiple third party suppliers. Additionally, in this sector IT systems are often of an in-house, legacy nature, which may be poorly protected by security software.

Global and even regional supply chains are typified by multiple "hand-offs" and data interfaces are complex. The current drive towards interconnected control systems and efficient processes, exacerbates the opportunities for outside malicious interference.

Furthermore, there is a lack of open communication and reporting of past damaging cyber experiences. All of these tend to increase the risk levels for this industry.

For forwarders therefore the impact of cybercrime is now another operational risk which they cannot afford to ignore.

As well as relatively commonplace data thefts perpetrated in order to target containers and their cargo contents, such

activity can also involve sophisticated actors aiming to impact and disrupt distribution and warehouse operations in order to collect ransoms. Often, identifying the attackers, whether criminal, malicious or politically motivated, is almost impossible.

The modus operandi of the modern cybercriminal now goes beyond simply misleading transport operators into thinking they are dealing with legitimate companies. Sophisticated hackers may now access and take control of operators' IT systems and equipment, extracting or manipulating valuable data in order to cause economic or even physical harm.

All supply chain stakeholders need to ensure they have a robust cyber response plan, which should include periodic stress testing of operating systems in order to measure their vulnerability to cyber-attacks and identify what additional system or process mitigation may be required.

The cyber risks are increasing rapidly not just in terms of greater hacking and malware activity. The desire for supply chain visibility and efficiencies is driving technologies, such as IoT (Internet of Things) and access through smart phones and the like. There is a danger that rapid adoption of such technology means many companies have yet to consider thoroughly the cyber security implications.

Technological advances in terms of control systems and IT processing undoubtedly provide greater operational efficiencies and, to a degree, opportunities for all operators in the logistics supply chain to mitigate their exposure to theft and fraud. Unfortunately, they may also enable organised criminal groups to use invasive cyber technology, thereby posing a greater risk to legitimate trade and exposing counterparties to the risk of commercial and physical damage.

A number of supply chain players are beginning to implement processes based on accreditation to ISO 27000 or similar governmental informational security standards, which will include robust firewalls, mail security, application controls, and effective data storage and recovery. Yet one

of the biggest threats remains human error, for example disclosure of passwords to third parties or use of infected USB sticks. Clarity in corporate procedures requires thorough staff engagement and follow-through with on-going awareness training.

Most supply chain processes have been created with no real thought to the threat of a cybercrime or attack. Furthermore, reliance on bespoke applications may reduce the ability to withstand a potential breach by a sophisticated hacker or piece of malware (or require an upgrade to do so). The financial pressure on all stakeholders in the current climate may mean that installing essential safeguards (such as virus protection) or fail-safes to disable remote control of equipment or processes in the event of an attack has not hitherto been regarded as a priority, particularly for smaller operators.

Alongside the pressing commercial reality of constant exposure to cyber activity, entities also need to take account of increasing regulatory expectation, either directly addressing cyber preparedness or approaching the same exposures under different guises. It is important to recognise that many of these will have extra-territorial impact as well. Some of these are specific to the supply chain, but others impact all entities. Almost invariably, there are common themes incorporating robust procedures, staff training, drills and exercises, general security measures for access control, and security systems and equipment maintenance.

TT Club, jointly with UK P&I Club (also managed by Thomas Miller) and cyber security consultants NYA, recently published a paper entitled "Risk Focus: Cyber – Considering Threats in the Maritime Supply Chain". This is available as a free download. Please email Sydney@ttclub.com to request a link to the paper.

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The Trans-Pacific Partnership: a big deal, with even bigger potential

By THE HON STEVEN CIOBO, Minister for Trade, Tourism and Investment

On 8 March 2018, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11), the world's most significant trade and investment agreement in more than two decades. The Agreement will support trade liberalisation and economic integration in the Indo-Pacific by creating a regional trade zone that includes six of Australia's top 20 goods and services export destinations in 2016-17.

Advantages of the TPP-11

The TPP-11 opens up opportunities for Australian exporters in existing and new markets, by dismantling some of the more persistent barriers to free trade in an area with a GDP worth AU\$13.7 trillion. This region accounts for nearly 500 million consumers, representing 13.5 per cent of the global economy.

The TPP-11 eliminates more than 98 per cent of tariffs for goods exports and has a single set of rules of origin, requiring one standard set of documentation to claim preferential tariff treatment. This will bring immediate commercial benefits to Australian exporters and importers of goods, building on our existing FTAs with Japan, Vietnam and Malaysia. The TPP-11 also offers exporters opportunities through new FTA commitments with Canada and Mexico, providing preferential access to these markets for the first time.

But the TPP-11 does not just cut tariffs, it includes modern rules to facilitate trade and provide certainty to traders when dealing with customs authorities. This includes provisions allowing producers to self-certify, and requiring countries to provide advance rulings and allow for independent review of decisions by customs authorities. By providing Australian businesses with clear, simple and flexible procedures for claiming tariff preferences on a good, and outlining the procedures that TPP Parties' customs authorities will use to verify these claims, these rules ensure that businesses can more efficiently access the benefits of the agreement.

As a regional agreement, the TPP-11 is a big step towards creating common rules for exporting and importing in each country, and improving opportunities for Australian

businesses to participate in regional value chains. The common rules of origin and documentation requirement under the TPP-11 will reduce the number of different regulatory settings within the bloc. The TPP-11's approach to the question of rules of origin, especially in relation to cumulation, reflects how regional value chains are working today, and how they will continue to evolve into the future. Australian businesses, large enterprises and SMEs alike, will be able to participate in and add value to the production cycle in a way that maximises efficiency and their comparative advantages. Domestically, this could translate into a boost in productivity and income-creation. More efficient provision of goods and services means cheaper prices for consumers.

The TPP-11 rules aim to improve the trade conditions Australian exporters face, and make trade within the TPP-11 bloc more efficient, in accordance with the principles of openness, fair competition and transparency. They contribute to promoting Australia's longer-term goal of coherent and rules-based regional economic integration, which is an important condition for Australia's continuing economic growth and prosperity. The TPP-11 will have a major impact on our region's trade and economic landscape. And its reach will naturally expand, as more countries sign up for membership and increase the size and significance of the Agreement.

Bringing the TPP-11 into force

The TPP-11 text and accompanying National Interest Analysis (NIA) were tabled in Parliament on 26 March 2018. At the time of writing, the TPP-11 is undergoing parallel parliamentary review processes by the Joint Standing Committee on Treaties (JSCOT) and the Foreign Affairs, Defence and Trade References Committee of the Senate. In

order to complete Australia's domestic treaty ratification process, legislative amendments necessary to implement the treaty would need to be introduced and passed in both Houses of Parliament.

The TPP-11 will enter into force sixty days after six of the eleven signatories have ratified the agreement. It is important that Australia is a part of the first wave of countries ratifying the agreement, so that Australian businesses and exporters can take advantage of the deal's significant market access outcomes as early as possible. The Government is focused on concluding Australia's domestic treaty-making processes as swiftly as possible.

Using the TPP-11

The Australian Government has a range of tools to make it easier for businesses to enjoy the benefits of Australia's current FTAs. The FTA Portal, maintained by the Department of Foreign Affairs and Trade, provides information that can assist Australian businesses understand which FTA rules and tariffs will best benefit their exports and imports of goods, and exports of services. Where more than one FTA covers a market, a comparison tool in the FTA Portal can help exporters identify the FTA that offers the greatest benefits for their good or service. The Portal will be expanded to include TPP-11 information before the agreement enters into force. The Portal can be accessed here <https://ftaportal.dfat.gov.au/>. Australian businesses and industry groups are also able to obtain TPP-11 information at FTA Information Seminars being held in different parts of the country. For information on upcoming seminars, refer to <https://www.austrade.gov.au/Events/events>. For more information on the TPP-11, see <http://dfat.gov.au/trade/agreements/not-yet-in-force/tpp-11>.

Trade intermediaries play a key role in helping businesses navigate FTAs

By TRUDY WITBREUK, First Assistant Secretary, Regional Trade Agreements Division, Department of Foreign Affairs and Trade

A new report by PricewaterhouseCoopers Australia has found Australia's Free Trade Agreements with China, Japan and Korea have high utilisation rates for merchandise trade. It highlighted the key role of trade intermediaries in helping businesses make the most of FTAs.

PwC's *Free Trade Agreement Utilisation Study* report was released in early March 2018 by the Hon Steven Ciobo MP, Minister for Trade, Tourism and Investment, who described the report as "the most robust and comprehensive evaluation of trade agreement utilisation in Australia to date". PwC found high two-way utilisation of Australia's FTAs, with 95 per cent of eligible Australian exports to Japan in 2016 taking advantage of FTA preferential tariffs. Utilisation rates for Australia's exports to China and Korea were in the 80-90th percentile. Small and medium businesses lag behind larger businesses in using the FTAs, so the Government will continue outreach and education to help businesses make the most of these opportunities.

The study, commissioned by the Department of Foreign Affairs and Trade, involved a layered research methodology encompassing empirical data analysis, personal interviews, focus groups, stakeholder consultations and an online business survey with responses from over 500 businesses. PwC's field research for the study was in metropolitan and regional Australia, as well as in China, Japan and Korea.

The research also concluded that internationally-engaged Australian businesses are aware of Australia's FTAs

with China, Japan and Korea and view them favourably. FTAs are influencing business activity, confidence, strategy expansion planning and international investment, including in the services sector. Businesses do not see FTAs as a silver bullet, but as part of the trading environment and complementary to business strategy.

One of PwC's key findings was that trade intermediaries, such as customs brokers and freight forwarders, have a pivotal role in assisting businesses to utilise FTAs effectively. Trade intermediaries are uniquely placed to value-add on their traditional services by assisting businesses, particularly small and medium businesses, in interpreting FTA tariff provisions and preparing documentation.

PwC's online survey found that around 60 per cent of businesses obtain information and advice on FTAs from customs brokers or freight forwarders, and around half of respondents indicated that these intermediaries are a useful source of information for FTA decision-making. The survey also found that, compared to regional Australian businesses, metropolitan businesses are more likely to rely on intermediaries to manage their FTA activities. Australian importers and larger businesses rely more on customs brokers and freight forwarders for FTA services than exporters and small and medium businesses.

Despite the key role of intermediaries, report results suggested levels of support were variable. PwC cited an example of an agribusiness exporting salmon from regional Australia who advised their freight forwarder provided an integrated supply chain offering that included completing relevant documentation requirements such as CoOs on the business' behalf. PwC found this level of service was an example of best practice, but did not appear to be an industry norm – a number of exporters

reportedly did not receive this level of support or assumed it was being provided (when it was not).

Using trade intermediaries is good business practice for many Australian businesses that are engaged in import or export activities. Just as businesses may seek advice from legal and taxation experts, they should engage trade experts to assist within their area of specialisation.

PwC also found industry associations and business groups play an important role, along with the Australian Government, in ensuring Australia's FTAs are utilised by businesses. PwC found key information sources for businesses on FTAs include government websites, industry associations, seminars, trade publications and business groups, in addition to trade intermediaries themselves. The report highlighted the benefits of further education, advocacy (particularly for SMEs) and of implementing measures to improve understanding of services and investment commitments in FTAs. The Government will continue to partner with freight forwarders and customs brokers to deliver this.

The Australian Government is committed to supporting the uptake of FTAs and will maintain and expand a range of policy measures to achieve that objective. We will expand the successful Austrade FTA seminar series to include content on new trade agreements such as the TPP-11 and the Peru-Australia FTA. We have recently enhanced the prize-winning FTA Portal to include services sectors. The Government is also exploring the feasibility of the private sector delivering innovative solutions for an international trade single window.

The full report can be found at <http://dfat.gov.au/about-us/publications/trade-investment/Pages/free-trade-agreement-utilisation-study-pwc-report.aspx>





Paper tigers: There will be no trade war

By SAM LAWRENCE, Senior
Manager, Global Trade and
Customs

“*The reality is
that the US is
an increasingly
transactional
mercantilist actor,
not the reliable
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ally it once was.*

”

The hyperbole surrounding the global trading environment recently reached fever-pitch with the imposition of tit-for-tat sanctions between the United States and China. The world's media predictably went into a collective meltdown, issuing increasingly hysterical headlines based on little or no analysis of the parties' respective policy goals.

The press can be forgiven for succumbing to the temptation of a newspaper-selling headline, however, discerning patterns in global trade requires close observation of fact, especially repetitious actions which signal patterns.

One such pattern is the US approach to revising trade policy. In this article, I present my observations on the current administrations' approach to trade, the “Trumpian Model”.

The game is afoot

For all the noise, it's easy to overlook the fact that the threatened sanctions have not been imposed. Indeed, US and Chinese officials have been busily engaged in negotiating a way through the artificially precipitated crisis.

Given China and the US are each other's largest two-way trading partners, sensible policy-makers in Beijing and Washington know that no-one “wins” from a trade war, despite presidential exclamations to the contrary.

Analysis of threatened tariff impositions indicates a marginally, albeit negligible negative impact on the Chinese economy of about 0.3 per cent of GDP, revealing the true intent of the Trumpian tariffs: renegotiating the rules of the game.

Through a complex process of globalisation and development, the US reduced its heavy industry and manufacturing and outsourced it to cheaper, more efficient markets including China. The consequent Chinese trade surplus with the US, one of the Presidents key gripes, can be seen as a result of the United States' own policies, although distorting reality in the service of nationalist rhetoric is common to populists and autocrats the world over.

This bluster hides an emerging pattern of behaviour, a certain muscular mercantilism which is applicable to the majority of the current US administrations economic engagement; think NAFTA for example.

Model behaviour

Modern communication has enabled massive efficiency gains in logistics and freight, while connecting people like never-before. Tweetstorms emanating from the White House at 3am have become commonplace, causing the media to agonise over the interpretation of each new utterance while the President enjoys his

“*tweets are not
policy, they are a
negotiating tactic*”

covfefe. Sensible observers of this charade understand that tweets are not policy, they are a negotiating tactic, with the President employing a three-stage approach.

Norms of diplomatic engagement traditionally saw a majority of policy dealt with discreetly out of the public glare. Upending these centuries-old conventions, twitter-plomacy has become a weapon in forcing second parties to the negotiating table.

This new paradigm sees the US signal its dissatisfaction with a policy through public diktat, such as a tweet. This signal is then reinforced by a negative repercussion, forcing the subject to the negotiating table, wherein the two parties negotiate an outcome. We've recently seen the second stage negative inducement also employed to ratchet up pressure during the third stage negotiation, with the unfortunate ZTE telecoms company as the sacrificial lamb.

The current US-China spat exemplifies this approach, with the US signalling its dissatisfaction over “unfair trade practices” which allowed “China to rape our country”. Even before assuming the presidency, Mr Trump signalled his approach, claiming during a campaign rally in Bluffton, South Carolina in July 2015 that “I win against China ... just go back to the negotiating table”. Threats to label China a currency manipulator on entering office (which didn't happen), and the imposition of tariffs on \$150 billion of Chinese exports (not yet activated) can then be seen in the context of calibrated negative inducements to force China to the negotiating table.

While unconventional, the approach worked. US negotiators are reported to have requested that China reduce its trade surplus with the US by \$200 billion by the end of 2020, of which half should come from the purchase of more US products. In addition, the US is reported to have requested the reduction of Chinese import tariffs to US levels in the same time period, alter its “Made in China 2025” strategy to cease any government subsidies, abolish its policy on technology transfer,

open its domestic market to US goods and investment, particularly services and agriculture, and finally not to retaliate or request WTO involvement while the US imposes tariffs on China. Remarkably, and aligned with the model, the two sides issued a joint statement on 19 May 2018 saying that “there was consensus on taking effective measures to substantially reduce the United States trade deficit in goods with China”, with the latter pledging to “significantly” increase purchase of US goods and services, including “meaningful increase” of agriculture and energy exports, increase intellectual property protections, “stop levying additional tariffs and not engage in a trade war.”

Notwithstanding an interpretation of whether the US case for such requests is justified, and the mix of measures China might agree in response to US requests, the model withstands scrutiny. The US’ action against ZTE, nearly bankrupting the Chinese company, can thus be seen as a warning to the Chinese government that the US can play dirty should China choose not to play ball.

The applicability of this model to other engagements allows us to cast events in a new light. Rhetoric towards North Korea for example, and the various sizes of each

The Trumpian model

Artful dealing?

- 1 **Signaling** Identify an objective or policy ‘requiring’ amendment, or removal
- 2 **Calibrated negative incentive** Second parties are incentivised to act through imposition of negative inducements
- 3 **Engagement** Parties engage to reach a negotiated settlement

presidents’ rocket preceded the imposition of additional US sanctions, and was followed by the recent announcements of a potential historic first summit between the two leaders.

This brave new world of brinksmanship forces us to recognise that Trump is different and to rethink how we engage with the US. The world has spent over a year in collective denial that Obama had left the building, hoping that Trump would somehow go away and the sanity and predictability of the global order would be reinstated. The reality is that the US is an increasingly transactional mercantilist actor, not the

reliable internationalist ally it once was. The collective rules-based order that Australia has benefited from for decades is being upended in a world where unilateralism and economic might equals the last word. We must all now learn to deal with Trump on his terms.

Given the dizzying revolving-door of administration staffers in the West Wing, it would be easy to dismiss US policy as uncoordinated and reactionary. The clear pattern of US engagement reveals however that somewhere within the institutional architecture, a greater game is at play.



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Protecting yourself in a trade war

By RUSSELL WIESE, Hunt & Hunt Lawyers.

On 16 June US President Trump threatened China with increased tariffs on \$200 billion of Chinese exports. This threat follows each of China and the US imposing 25% duties on \$50 billion of each countries' exports. This, combined with the US global tariffs on steel and aluminium, seems to be trade battle, if not a full blown trade war. It is important for Australian traders and trade professionals to consider the trade compliance impacts of a China/US trade war.

How a trade war impact compliance

One effect of a trade war is that it results in an increase in taxes payable by importers of goods and this will result in both an increased focus on methods to legally minimise tax and methods to illegally evade the tax. Trade professionals, such as customs brokers and freight forwarders will need to be alert to both the increased opportunities and risks.

While a trade war is most likely to affect China and the US directly, Australian companies will need to be aware of these issues. Australian companies could be dragged into a trade war in a number of ways. Firstly, the Australian Government may be pressured by the US to adopt similar measures against China. The US may threaten countries with tariffs if they are seen as supporting the alleged Chinese theft of US intellectual property.

Australian companies may export goods directly from the point of manufacture in China to the US. It is not unusual for Australian companies to adopt triangular invoicing whereby the Australian company receives an order from the US and it then places a purchase order on a third party Chinese manufacturer to produce those goods and ship them directly to the US.

Thirdly, if Australia escapes increased US tariffs, there will be a temptation to export Chinese made goods from Australia without declaring the original origin of the goods.

Methods to reduce the impact of a trade war may include:

- having a non-arm's length transfer price
- making separate payments to suppliers for use of intellectual property

or research and design

- creating false invoices
- false origin claims
- tariff engineering

Transfer price

The transfer price is the sale price of goods where the buyer and seller are related. There is a risk that the transfer price may not be arm's length, but rather set to achieve a particular income tax or customs duty outcome. As income tax is usually higher than customs duty, it is often the case that regulatory authorities are concerned that the transfer price will be too high as a way of shifting profits to a tax friendly jurisdiction in which the seller is located. However, with duties at 25% the temptation may be to produce a lower value transfer price that results in less customs duty payable.

Customs brokers need to ask whether the parties related, and if so, has the relationship between the parties affected the price of the goods. If there is a long history of trading between the parties, a sudden drop in the transfer price that correlates with an increase in customs duties is bound to catch the attention of the regulator. Customs brokers will need to have on hand evidence that justified using the lower transfer price.

Non-goods payments

The general principal is that customs duty is payable on the price of the goods. However it will often be the case that the sale price is intended to cover more than just the costs of manufacture and sale, plus an appropriate profit. Rather, the price might also be intended to capture the value associated with having the right to use associated trade marks, international marketing campaigns, continued research and



development and a customer service centre

It is entirely appropriate for businesses to charge separately for each non-goods services or rights. The difficult role for customs brokers is determining when the separate payments should be included in the customs value of the goods.

Customs brokers need to ask their importing customers about all payments that are made directly or indirectly to the supplier of the goods, not just what amount is on the invoice for the goods. Only once details of the relevant payments are received can an assessment be made as to whether the amount should be included in the customs value.

False invoices

The easiest way to reduce customs duty is good old fashioned fraud and a common method of customs fraud is to create a fake invoice. Under this arrangement there will be two invoices: the real invoice which reflects the total amount payable for the goods, and a second "customs" invoice which shows a lower false value. The purchaser will make an easily traceable payment to the supplier for the amount of the lower invoice and will pay the balance in way that is harder to discover.

If an invoice is obviously too low, the customs authority will rightly ask questions of both the customs broker and the importer. There will be products where it is clear that they are undervalued. Where this is the case, the customs broker should ask the appropriate questions, request a response in writing and keep that response on file. Of course, if the response is not satisfactory, the customs broker should not agree to lodge the entry.

Another sign that goods are being undervalued includes invoices where something seems odd. Remember that the importer alone may be creating the fraudulent invoice. It is sometimes hard to describe what makes an invoice seem fake, but you often can tell immediately when you see one. If the invoice looks slightly odd to you, it will set off alarm bells for the customs officer.

False origin

If it is the case that China alone is the target of broad US increased tariffs, there will no doubt be pressure for US companies to source goods from

countries other than China. However, the tariffs have been imposed with very little notice and it is unlikely that there will be alternative suppliers available to meet the total US demand in the short to medium term. This will create the incentive to lie about the origin of Chinese goods.

In the context of steel and aluminium products which have been subject to high duties for a number of years, there has been the constant allegation that Chinese goods are being transhipped via third countries to avoid duties.

Australian suppliers wishing to export to the US will be tempted by new suppliers from other Asian countries looking to fill the void left by Chinese suppliers. We recommend that the usual due diligence be undertaken on these companies. If it is a large or long term order, buyers should visit the place of manufacture. You can also make inquiries via foreign lawyers and Chambers of Commerce as to the history of the potential supplier. Have they popped up overnight in circumstances where this seems unlikely? Can the manufacturer provide you references from their long standing customers?

Tariff engineering

The US and Chinese tariffs are based on tariff classification. Those involved in international trade will no doubt be aware that tariff classification is a difficult process. As a customs broker the key will be to remain objective and ensure that you have all the necessary information on which to form an opinion as to classification.

What might have been sufficient information to justify a 5% versus 0% classification may not be deemed to be sufficient information to justify a 25% versus 0% classification. As the impact of an incorrect decision increases, so should the level of due diligence. Beware of a customer who seems to be describing their goods to you in terms of tariff heading wording or the guidance from the harmonised system explanatory notes. While all your colleagues may speak in this way, commercial traders usually don't know what a tariff heading is.

The risk of detection is high

It is important to appreciate that Customs authorities will be able to use data analytics to identify the following trends:

- shifts from one tariff classification to

another;

- a per unit decrease in goods;
- shifts from one country of origin to another;
- similarities in consignment details despite an apparent change to a non-Chinese supplier.

Government tax compliance funding manages to find its way to the areas where there is the greatest potential for evasion. There is no doubt that customs authorities around the world will receive more compliance funding if there is an increase in customs duties.

Importers, exporters and customs brokers will be under intense pressure to minimise the duty impacts of a trade war. At the same time, customs authorities will be under pressure to ensure that the policy objective of the trade war is fulfilled. In this environment, customs brokers and freight forwarders need to be extremely vigilant to ensure that they do not become an unexpected victim of the trade war.

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Budget measures and online system enhancements benefit biosecurity

By LYN O'CONNELL, Department of Agriculture and Water Resources

We're continuing to make important strides towards building a smarter and more sustainable biosecurity system, through a range of initiatives announced in the 2018-19 Budget, and our ongoing drive to simplify processes for clients.

This year's Budget delivers an additional \$121.6 million for our national biosecurity system over the next five years.

More than \$50 million of this will help strengthen our ability to prepare for pest and disease incursions through onshore and safeguarding activities—key components to keeping Australia free of exotic pests and diseases.

This will include developing national action plans for priority pests and diseases and boosting the intelligence and surveillance capability of our near neighbours, such as Papua New Guinea.

Helping our neighbours detect and act on exotic pests and diseases offshore reduces the chance of those threats reaching our shores.

Other initiatives include:

- \$7.5 million to trial new detection technologies, including smart X-ray scanners to support more seamless passage of sea and air passengers and goods through our ports and airports
- \$27.8 million for assurance and verification activities across passengers, importers, plant, animal products and imported food
- \$14.8 million in additional funding for biosecurity operations at international ports
- \$20 million to support the fruit fly emergency response in Tasmania.

The Government also announced a new levy on imports by sea, the Biosecurity Imports Levy, to help fund improvements to our system.

This levy, to apply to stevedores, will introduce a new charge of \$10.02 per 20 foot equivalent container or \$1.00 per tonne of non-containerised cargo. It represents only one per cent of the cost of importing a container.

The levy was a key recommendation of the 2017 independent review of Australia's biosecurity system, chaired by Dr Wendy Craik.

This levy helps put us on the path to a more sustainable biosecurity system, where the cost is shared fairly among all participants. This means we can invest in more sustainable and efficient ways to deal with the increasing risks driven by the ever increasing volume and complexity of trade and travel.

Priority areas for additional investment include: onshore surveillance, diagnostics, data analytics and research, as well as education and stakeholder awareness and improving systems and technology at the border, which will have efficiency benefits for importers.

We'll work closely with stakeholders over the next 12 months to find the best way to implement the levy.

These initiatives are important to maintaining our pest and disease free status and our international reputation as a reliable producer of high-quality food and fibre.

Find out more about all the budget announcements for agriculture, including the Government's \$51.3 million investment to expand access for Australian exports to international markets, and a further \$2.9 million to extend the successful Indonesia-Australia Red Meat and Cattle Partnership, at agriculture.gov.au/budget

The path to a stronger and more sustainable biosecurity system is also supported by our existing work, including efforts to simplify processes for our clients by implementing improvements to our

online systems.

We've recently rolled out significant system enhancements to Automatic Entry Processing (AEP) and the Cargo Online Lodgement System (COLS), translating into clearer processes for our clients and more efficient processing of transactions.

Smoother import declaration processes

Australia is a major trading nation, so any changes that streamline the importation process, without compromising Australia's biosecurity integrity, will provide subtle but welcome benefits to our import industry.

To this end we've updated AEP, simplifying processes and providing greater flexibility for industry participants, such as customs brokers.

Accredited persons can generate automated biosecurity directions based on information entered into the Integrated Cargo System (ICS). Import documentation is not required to be submitted to the department for assessment unless requested for verification.

The AEP enhancement has reduced system limitations to broaden the availability of AEP and provides additional support for industry participants to conduct document assessments and nominate biosecurity outcomes.

We've also updated our verification regime to reward demonstrated compliance with reduced intervention. This level of certainty will promote the continuous expansion of commodity groups leading into the future.

Across the implementation process, we've worked closely with industry to provide information and support about these changes, including through the Continued Biosecurity Competency (CBC) program.

For further information on changes to AEP, visit agriculture.gov.au/AEP

Upgrade delivers significant streamlining

Commercial importers and customs brokers have been using COLS to lodge their documents online over the past few years.

Recently, COLS was enhanced to improve efficiency for clients when lodging their import documentation.

Under the upgrade, COLS now automatically retrieves consignment information from the ICS using a client's consignment entry number and broker identification number.

This automatic retrieval has improved efficiency for clients by reducing the amount of personal and consignment-specific information they need to enter, from about 25 fields to just three.

COLS retrieves tariff codes connected to an entry and automatically determines the commodity groups that apply.

In combination with ICS data, COLS automatically prioritises consignments for documentation assessment based on urgency.

These changes allow COLS to offer improved efficiencies in the payment process for documentation assessment: the system now recognises payments made by clients through their third-party cargo logistics software prior to lodgement and also allows the processing of payments through the department's Online Payment System.

COLS now also supports the lodgement and auditing of documentation for clients using the enhanced AEP capability.

Feedback from industry regarding the new enhancements has been positive.

Prior to the update, 70 per cent of lodgements were rated as priority 1.

With automatic prioritisation, 24 per cent of consignments are now rated priority 1, ensuring that priority is given to the processing of perishable and time-critical commodities.

To access COLS, go to agriculture.gov.au/COLS

Do you need assistance with...

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The Goods and Services Tax applies to imported low value goods

Rosie Cicchitti (Director, International and Cross – Border Indirect Tax, Australian Taxation Office - ATO) delivered a detailed presentation at the Global Shippers Forum and ICHCA International Conference in Melbourne on 11 May 2018 explaining the Goods and Services Tax (GST) which now applies (effective 1 July 2018) to low value imported goods.

Following on from this presentation and the ATO article titled “GST on low value imported goods” published in the Autumn 2018 edition of Across Borders, Andrew Crawford (FTA’s Head of Border and Biosecurity) spoke to ATO Assistant Commissioner Kate Roff about how the Australian Taxation Office (ATO) will administer this change.

1. ANDREW CRAWFORD - What are Low Value Imported Goods?

Low value imported goods are physical goods sold for A\$1,000 or less, imported from overseas. They can include clothing, cosmetics, books and electronic appliances.

2. ANDREW CRAWFORD - Why was the change made?

These changes provide fairer trading for all retailers. They ensure that goods purchased

by consumers in Australia whether domestically or from offshore will receive the same GST treatment.

3. ANDREW CRAWFORD - Will the existing import rules change?

For imported goods valued at A\$1,000 or less, the GST may be applied at the point of sale. Additional import charges will not apply.

For goods imported in a consignment valued over A\$1,000, and all tobacco, tobacco products and alcoholic beverages, the existing processes continue to apply – that is, any customs duties, taxes and charges will be assessed at the border.

4. ANDREW CRAWFORD - How is the GST collected? What is the vendor collection model?

A vendor collection model has been implemented for the collection of GST for low value imported goods. This means that overseas retailers (including suppliers, online marketplaces and re-deliverers) will register for GST and collect the GST on low value imported goods at the time of the sale. This approach to taxing is very similar to the one applied by the ATO to collecting GST on imported services and digital products, which commenced on 1 July 2017.

Note: This tax is administered by the Australian Taxation Office (ATO) and not the Department of Home Affairs.

The ATO has published web advice and a fact sheet targeted specifically for transporters and customs brokers – which can be found at: ato.gov.au/Transporters.



Ana Hinojosa - Director- Compliance and Trade Facilitation World Customs Organisation (WCO), Rosie Cicchitti – Director – International and Cross – Border Indirect Tax, Australian Taxation Office (ATO), Maggie Zhou – Managing Director for Australia and New Zealand Alibaba Group

Overseas retailers must register online if the total of their sales that are subject to GST is A\$75,000 or more in a 12 month period.

Online marketplaces or as we refer to them in our law, electronic distribution platforms (EDP) are, in most cases, deemed to be the supplier for GST purposes. Merchants or vendors will be responsible for their own sales that they make outside of platforms. Good re-deliverers like offshore mailbox and shopping service providers, may need to register and there are some special rules that apply to work out how the GST should apply.

5. ANDREW CRAWFORD - What are the special rules for goods re-deliverers?

If a merchant or platform operator also assists in getting the goods to Australia and meets the GST registration turnover, these entities will be responsible for GST. Consumers using GST-registered re-deliverers will pay the applicable GST to them.

It should be noted that transporters are usually not re-deliverers, as they are typically engaged by the merchant or EDP operator, or they do not provide offshore mailbox or shopping services. If you buy and resell goods, you are the merchant, rather than a re-deliverer.

Further information is available on the ATO website with specific information for re-deliverers at <https://www.ato.gov.au/Business/International-tax-for-business/In-detail/GST-on-low-value-imported-goods/Information-for-re-deliverers/>

6. ANDREW CRAWFORD - Who will be charged GST for low value imported goods?

This is a consumer tax therefore GST will not apply to sales of goods to GST registered businesses if purchased for business purposes. However these businesses will need to provide the overseas supplier with their Australian Business Number (ABN) and a statement that they are registered for GST.

7. ANDREW CRAWFORD - How are customs brokers and transporters affected?

There is a lot of detail for transporters and customs brokers on our website at [ato.gov.au/Transporters](https://www.ato.gov.au/Transporters).

Essentially, suppliers of low value goods are legally required to ensure that relevant tax information is included on import documents for the goods. They will ask their transporters or customs brokers in the country of export to collect this information and make sure it is provided to transporters or customs brokers in Australia.

If a supplier does not provide this tax information, transporters and brokers can still complete import documents in

A summary of the tax information to be included on import documents is included in our fact sheet. The requirements are:

Information the supplier must provide	Matching fields in the integrated cargo system (ICS)
Their supplier registration number, which is either: <ul style="list-style-type: none"> a 12-digit ARN (ATO reference number) an 11-digit ABN (Australian business number). 	To be reported in the Vendor ID field.
The ABN of the purchaser where this is provided to the supplier.	To be reported in the Importer ID field.
Whether GST has been charged on the sale of each of the goods.	There is a field on both the self-assessed clearance declaration (with tariff lines) and the import declaration to include a GST exemption code of PAID, where applicable. Note: This code should not be used against an item with a customs value of more than \$A1, 000 at the time of sale.

the Integrated Cargo System (ICS) for lodging and reporting purposes. Some smaller businesses are not required to be registered, so not every importation will contain this information.

However, when suppliers provide this information, you must report it. Penalties may apply to suppliers who fail to take reasonable steps to ensure this information is included.

8. ANDREW CRAWFORD - Is there anything specific that transporters and customs brokers need to do?

Transporters and brokers should talk to their clients and other parties involved in the goods supply chain about how they will work with them to collect and provide the required GST information.

9. ANDREW CRAWFORD - What do goods suppliers need to do?

The supplier of the goods will need to issue a receipt to the customer, and ensure that relevant tax information is included on their commercial documents for import purposes. Suppliers must:

- issue notices to consumers about GST on the sale
- provide certain GST information for inclusion in import documents (one commercial document can be used to fulfil both requirements).

10. ANDREW CRAWFORD - How are you preventing double taxation?

If the supplier of the goods includes the relevant tax information on the import documents, this will help prevent double

taxation at the border for the purchaser of the goods. The Department of Home Affairs website has information on how to use the GST-paid exemption code to prevent double taxation which can be found at <https://www.homeaffairs.gov.au/Customs/Customs/Customs-notice/Documents/home-affairs-2018-14.pdf>

However, if the low value goods have been taxed at the point of sale, and again at the border, the purchaser of the goods will need to seek a GST refund from the supplier. This information is further explained on our website.

11. ANDREW CRAWFORD - How is the ATO going to ensure that businesses register?

The ATO has had a very positive response to registration and we are continuing to offer full support to online retailers to ensure they are prepared for the collection and remittance processes.

However, the ATO will ensure that registered businesses are not commercially disadvantaged by non-compliant competitors. The preferred approach is to continue working with businesses to help them and the ATO will make sure that any businesses that have made a genuine attempt to meet their taxation obligations will not be disadvantaged.

Businesses that decide not to comply will face penalties. The ATO will use financial data tracking and online investigations to identify those that haven't met their obligations.

The ATO is currently reviewing the records of businesses that have not registered.



Although the ATO cannot publicise action taken in individual cases, those businesses that do the right thing and register for GST can be assured that we will, where appropriate, pursue businesses that do not.

The ATO's approach to compliance for GST on low value imported goods is fully explained at ato.gov.au/AusGSTcompliance

12. ANDREW CRAWFORD - Does this affect trade with Australia?

This is a taxation measure and applies equally to all international businesses, from any country, selling low value goods to consumers in Australia. It merely ensures that low value goods purchased by consumers in Australia will have the same tax treatment, if they are purchased domestically or from offshore.

13. ANDREW CRAWFORD - How has the ATO engaged with transporters and brokers?

The ATO has conducted an extensive domestic and international program of engagement for the introduction of GST on low value imported goods. This has included face to face meetings and briefing

sessions with a significant number of both domestic and offshore transporters and brokers to explain the changes.

14. ANDREW CRAWFORD - How has the ATO engaged with international business?

The ATO has undertaken substantial research and modelling to identify overseas businesses that potentially sell low value goods to consumers in Australia;

We issued three rounds of letters to advise potential registrants about the requirements of the new law and to explain how they can register. We directly engaged with our largest clients through our client relationship managers and met face to face with representatives of international businesses impacted by the changes.

15. ANDREW CRAWFORD - Will other countries apply a similar approach to taxing low value goods?

The consumption tax model that the ATO applied to low value imported goods is a world first. However feedback from representatives of the Organisation for Economic Co-operation and Development (OECD) suggests that many other countries

are now actively considering this model.

More information

For more detailed information, you can:

- visit the ATO website at ato.gov.au/AusGST – see more information at ato.gov.au/Transporters
- email AustraliaGST@ato.gov.au
- visit the Department of Home Affairs website for border-related matters.

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Australian Border Force committed to stopping asbestos at the border

By DON SMITH, Commander ABF Governance

Under Australian law, the manufacture, use, sale and transport of all types of asbestos and asbestos containing material is banned. A border control prohibiting the import and export of asbestos complements this domestic ban. The Australian Border Force (ABF) has not changed its stance on enforcing this border control.

As Australia's customs service, the ABF has an important role in facilitating the flow of legitimate freight and trade, and enforcing Australia's trade and customs laws to protect Australia's economic prosperity and the community.

Our focus on preventing asbestos, and goods containing asbestos, from entering Australia is one part of this role. The ABF works closely with a range of federal, state and territory authorities to achieve this, including the Department of Jobs and Small Business which has policy responsibility for asbestos issues.

This financial year, imported second-hand vehicles continue to dominate asbestos detections, with over 60 cars or motorbikes found to have asbestos containing parts. There have been four detections of asbestos in building materials to date.

The ABF maintains an intelligence-informed and risk-based approach—as we do with all goods crossing the Australian border—to target goods that may contain asbestos. One hundred per cent of all cargo imported into Australia is risk assessed, with goods considered at-risk for asbestos referred for more detailed assessment.

We develop risk profiles that drive our interventions by drawing on a wide range of

intelligence sources. The more we engage with the asbestos risk, the more refined and sophisticated our profiles and targeting become.

The onus is on importers and exporters to ensure they are not unlawfully moving goods containing asbestos across the border. Importers and exporters are expected to familiarise themselves with the requirements concerning asbestos, as well as the varying definitions and standards applied in relation to asbestos outside Australia. Brokers, acting on behalf of their clients, and importers, are required to assess the goods and understand their obligations in declaring the possibility of asbestos, including providing assurances to prove the absence of asbestos where required.

Recent incidents highlight the continuing need for importers and brokers to be aware of the management of goods being brought into Australia that are in risk categories for asbestos. This includes understanding what constitutes acceptable forms of assurance that such goods do not contain asbestos, and whether or not import permission for such goods has been sought prior to shipment.

Documentary evidence which demonstrates assurance of the absence of asbestos, or the removal and replacement of at-risk parts, is becoming easier as manufacturers publish materials data for these goods on the internet. Similarly, the cost of laboratory testing is decreasing and the recognition of overseas laboratories by Australian authorities is expanding. In the case of vehicles, statements from mechanics or repairers that 'asbestos containing parts have been removed and replaced' are insufficient without documentary evidence.

The ABF is aware of an increasing number of specialist service providers that undertake or arrange asbestos inspection,

removal and replacement prior to import.

It is the importer's personal choice whether to engage such a service. The ABF can only advise that evidence of rigorous due diligence, with demonstrable evidence of the absence of asbestos, are key to decisions regarding asbestos risk and assurance made by the inspecting officer at the time.

Permission to import or to export asbestos, or goods containing asbestos, can only be granted by the Minister administering the Work Health and Safety Act 2011. This is currently the Minister for Small and Family Business, the Workplace and Deregulation. Permissions are only granted in limited circumstances and the ABF will not advocate for granting an import or export permission. Importers and brokers are cautioned against presuming the success of their application, and should not ship their goods to or from Australia prior to this permission being received in writing. Owners of goods who have received an import or export permission will need to demonstrate its validity each time the goods in question enter or leave Australia.

More information on the asbestos border control, and the requirements for adhering to the border control, is available on the Home Affairs website at www.homeaffairs.gov.au/asbestos.



Gain a competitive edge through the Australian Government's Trusted Trader Program

More Australian businesses including importers, exporters, customs brokers, freight forwarders and logistics service providers are joining the Australian Government's free Australian Trusted Trader program to increase their competitive advantage.

Australian Trusted Trader (ATT) cuts red tape for Trusted Traders at the border and expedites the flow of their cargo in and out of Australia, which means faster access to market. ATT has been co-designed with Australian industry and will benefit those engaged in international trade.

"If you import or export through the Australian border, you need to be a Trusted Trader," said Tim Fitzgerald, Assistant Secretary, ATT.

"Once you are an accredited Trusted Trader you can save both time and money."

Some improvements to ATT will help businesses through the accreditation process including reducing the information required in the application, and a more streamlined process resulting in an average 6 - 8 week turnaround on applications.

"More Australian businesses have now opted to apply to become a Trusted Trader because of these changes," Mr Fitzgerald said.

ATT works by accrediting Australian businesses with compliant trade practices and a secure supply chain. Accreditation through ATT helps businesses to deliver confidence in their international supply chain. Once accredited, businesses have access to a range of benefits that continue to increase.

A key benefit is access to mutual recognition arrangements (MRAs) which

helps businesses get their product out to international markets faster. MRAs are a formal arrangement between customs agencies that recognise supply chain security programs and provide reciprocal benefits to the other country's trusted partners.

The Australian Government now shares MRAs with Hong Kong, China, Republic of Korea, Canada and New Zealand, with more being negotiated. MRAs give Trusted Traders more confidence when entering new markets as they receive a differentiated border treatment when conducting trade with these countries.

Mr Fitzgerald said that having access to the seamless trade model established under these MRAs is essential for a business' future global trade competitiveness.

"The New Zealand MRA alone is anticipated to facilitate 13 per cent of Australian import volume from New Zealand, totalling \$3 billion, as well as \$7.5 billion of Australian exports to New Zealand by 2020," he said.

Another great benefit is having a dedicated Australian Border Force (ABF) account manager. Trusted Traders can communicate directly with those who check their cargo at the border.

"You will have access to a dedicated ABF account manager and can ask questions or find out where shipments are up to, including receiving priority service for refund requests, drawbacks and advice on tariff, origin and valuation. No one else can offer this".

Other benefits include:

- **Monthly reports** - Trusted Traders are sent monthly import and export reports for free, with no need to contact the Department of Home Affairs or go through a customs broker—reducing financial and administrative burden. These reports

help Trusted Traders manage their supply chain and improve the integrity of their transactions, by giving them an overview of all transactions made in the previous month.

- **Streamlined Temporary Work (Skilled) Visa applications** - This

enables Trusted Traders to increase their competitiveness by addressing labour shortages—bringing in genuinely skilled workers where they cannot find an appropriately skilled Australian.

- **APEC Business Travel Card** -

The APEC Business Travel Card (ABTC) provides travellers with faster and easier entry to eligible economies within the Asia-Pacific region. Information provided through the ATT accreditation process helps to reduce the application burden for Trusted Traders.

- **A seat at the table** – Trusted Traders have the opportunity to work in partnership with the Department of Home Affairs to influence ATT's future policy direction and take part in trials of new initiatives.

Becoming a Trusted Trader has never been easier through a streamlined application process. For more information and to join online visit www.abf.gov.au/trustedtrader

"You have everything to gain and nothing to lose by being a Trusted Trader. Bring your business on board today," Mr Fitzgerald said.





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WWW.HOMEAFFAIRS.GOV.AU/TRUSTEDTRADER

Time to review the use of the Customs Infringement Notice Scheme

By RUSSELL WIESE, Principal, Hunt & Hunt Lawyers

The most common complaint we receive from customs brokers and operators of licensed depots and warehouses is that they feel they have unfairly received an infringement notice from the Australian Border Force (ABF). However, the complaint is not the fact that an infringement notice was issued, but rather the amount of the infringement notice. It is often felt that the penalty far exceeds the crimes.

An infringement notice is an administrative penalty issued by the ABF and is issued without having to prove the crime. The recipient does not have to pay the infringement notice. If payment is made, the ABF cannot prosecute in respect to the alleged offence. Further, payment is not taken as an admission of guilt. If the infringement notice is not paid, the ABF can elect to prosecute in respect to the alleged offence.

Most infringement notices are issued to corporations. For the vast majority of offences, the ABF issues infringement notices at a rate of 45 penalty units, this currently equals \$9,450. The ABF treats this amount as a fixed amount which its officers cannot alter based on the circumstances of the relevant alleged offence.

In its 2014 Infringement Notice Guide, the then Australian Customs and Border Protection Service stated:

"Infringement notices are a valuable enforcement and regulatory tool as they can provide a timely and cost-efficient outcome for both ACBPS and the person that is the subject of an investigation ... The Customs Act and this Guide set the amount payable under an infringement notice. These infringement notice penalties are significantly less than the penalties that a court could otherwise impose."

Our concern is that infringement notices of nearly \$10,000, particularly for minor offences,

are often not:

1. a cost-effective outcome for person the subject of the investigation; and
2. while less than the maximum amount a Court could impose, are significantly more than a court is likely to impose.

In our view, Infringement Notices should be used in a manner that reflects the following:

- the ABF does not have to prove the offence, it only needs reasonable grounds to suspect the offence was committed,
- the ABF is saved the time, expense and evidentiary burden associated with prosecuting the offence;
- the regime is intended to be used for minor offences that do not involve a deliberate breach of the law.

In these circumstances, it is our view that the ABF should not be issuing infringement notices that are realistically much higher than the penalty that a Court would impose. A key feature of administrative penalties is that they should be significantly less than the penalty that would be received if the matter went to Court. The alternative of Court proceedings should not be used to extract a larger penalty from the party under investigation.

A cause of this problem may be that the ABF has removed the ability of individual officers to take into account individual circumstances and issue an infringement notice for an amount that is less than the amount prescribed in the infringement notice guidelines. This approach removes the ability of an individual officer to set a penalty that is appropriate to the offence. Tailoring a specific penalty to a specific offence is a key feature of a Court system and why it is often the case that Court imposed penalties are a small fraction of the maximum penalty.

The Customs Act 1901, which sets out the legislative basis for the infringement notice scheme, details only a maximum amount of an infringement notice. In its guidelines the ABF notes that it has flexibility to set the amount of an infringement notice, provided that the

amount does not exceed the maximum amount set in the legislation. However, the ABF elects to exercise that discretion at a departmental level and removes the ability of the issuing officers to use discretion in issuing infringement notices.

It is important to note that the Infringement Notice guidelines are not law and merely represent how the ABF elects to administer the system. The ABF has the choice to allow issuing officers to set the amount of the infringement notice up to the maximum amount.

If the ABF wanted to take an inflexible approach, the amounts set in the guidelines should have been much lower. By prescribing a set amount of nearly \$10,000, the infringement notice becomes an unfair penalty for the vast majority of offences it was designed to address.

Remembering that infringement notices are meant to be a lighter penalty than what a Court would hand down, it is useful to consider the penalties that are actually issued by Court.

The very few matters that actually make it to Court tend to relate to importing prohibited imports or duty evasions related to tobacco or dumped goods. Offences relating to the importation of drugs and serious duty evasion do result in significant fines and prison sentences. However, these are penalties for deliberately dishonest conduct. Infringement notices are issued for offences where there is no need to prove an intention to commit an offence. The offence can occur by accident.

An important position taken by Courts when handing out penalties for breach of the Customs Act 1901 is that "any assessment of the seriousness of these offences by reference to the maximum penalty needs to take into account the range of conduct that the offence encompasses". The point being made is that while the Customs Act may set a very high maximum offence, it needs to be remembered that the Customs Act has to deal with the whole range of offences from the smuggling of tobacco and drugs, to the types of conduct that we see in a TV episode of "Border

Security”.

A recent example where Courts considered penalties under the Customs Act 1901 was *Nguyen v Comptroller-General of Customs* [2018]. Nguyen was a pharmacist who was also the owner of a business known as “Cloud 9 Smoke Shop & Accessories”. In 2014 Nguyen ordered and received 3 parcels containing glass ice pipes. For two consignments the goods were labelled as “glass container samples” and had a declared value of less than \$50. The third consignment had a correct description and customs value. All 3 consignments were prohibited imports as ice pipes are a device that is capable of being used for administering methyl amphetamine.

The Court received evidence that Nguyen changed the consignment address to his pharmacy, as the shop name, (Cloud 9 Smoke Shop), would increase the chance of an inspection. The Court also stated that it was naïve to the extreme to suggest that a pharmacist did not know how the pipes would be used.

In circumstances where there was a deliberate breach of the law relating to products designed to administer illicit drugs, a heavy penalty could be expected. The penalty imposed was a fine of \$60,000 which is about 12% of the maximum penalty that could have been imposed. In reviewing the penalty, the Supreme Court of Western Australia said the penalty (only 12% of the maximum) was at the higher end, but not

manifestly excessive.

In the judgement the following examples of penalties handed down in other cases were provided:

- importing 12 ice pipes, an electronic shock device and making a false statement to Customs - \$8,000
- 5 counts of importing steroids - \$8,000
- smuggling 15kg of tobacco leaf - \$5,000 (plus payment of underpaid duty)
- importing 4 tonnes of Kava-\$897K (of a maximum of \$8 million).

Ultimately the Supreme Court upheld the original penalty of \$60,000 (12% of the maximum) plus costs.

What the cases clearly show is flexibility in the handing down of penalties. This reflects a

desire that the punishment fit the crime. It is telling that in many cases, the penalty handed down by the Courts for deliberate breaches of the Customs Act is less than the amount of a standard infringement notice.

Again, the issue is not that an infringement notice is issued, it's the size of the penalty. The ABF may find that issuing triple the number of \$800 infringement notice would be a far more effective enforcement tool than a smaller number of \$10,000 penalties. The \$800 amount is not random, it is the amount New Zealand Customs is proposing for its own infringement notice scheme.

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Tasmanian Logistics Committee Update

By BRETT CHARLTON, Chairman, Tasmanian Logistics Committee

Whilst Tasmanian exporters have been living in a sweet spot with the plethora of services available coupled with the assistance of the Tasmanian Freight Equalisation Scheme (TFES) extension, our importers have experienced the opposite with higher freight rates and limited space availability – especially ex Asia.

Importers would be happy to know that MSC Line have recently changed the rotation of their Capricorn service with Asia being connected via Singapore into Bell Bay without first discharging in Melbourne. With a weekly service that calls Singapore, Fremantle, Adelaide and then Bell Bay before Melbourne port, the transshipment costs and additional lifts that burden importing companies are negated somewhat – in some cases significantly. Whilst this new service promises some much needed competition on the Southbound sector (internationally) importers should be wary of the seasonal space restrictions ex the Asian countries and whilst we are seeing some reduced rate levels at the moment, there is constant pressure from all lines to increase and maintain higher freight rates particularly for import cargoes.

We have recently been advised of a new general rate increase declaration for May of US\$200.00 per TEU ex Asian ports – whether this is successful or not is yet to be seen, however importers should as a matter of course be mindful of the pressure of space ex Asia and the effects this can have on pricing as well as timing of shipments (in peak times, the Capricorn Service will be in high demand and if space is not available, the history of the support of the other lines will be a consideration). Cheaper rates are great if there is space available – absolutely useless without the space though.

The subject of coastal shipping has been discussed recently with a major shipping representative body undertaking a study into the viability of coastal shipping around Australia. The Coastal shipping research, in the context of this discussion, is the ability for international shipping lines to be able to carry domestic shipments around the coast of Australia (cabotage). This

discussion generates mixed feelings from different camps and there are some deep emotions that emerge when talking about this topic – the Federal Government have been discussing reform for some time, but not much has changed since cabotage came to a grinding halt in 2012. There have been times in the past, where I have called for cabotage to be reinstated (especially when the reform was one of the reasons for the withdraw of our international AAA service back in the day), but I have to admit that I am a little more cautious these days. Consider my first report of the MSC service via Singapore into Bell Bay, cheaper freight rates- but what about the space – these lines are monsters and carry the majority of the freight around the planet – how can the commitment be cemented to Tasmania?

Who is to say that if there is something shiny somewhere else they won't simply pull up stumps and say so long and thanks for the fish like one of the big three have just done! Whereas the likes of Toll, Searoad and TT Line have a vested and committed infrastructure and commitment to the Bass Strait trade that works and is indeed being invested with new vessels. We need to be careful to consider all aspects of the debate (in everything of course).





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Interview

Giovanni Mele, Consolidated Freight Australia

Paul Zalai, Director FTA, speaks to Giovanni Mele, General Manager Consolidated Freight Australia

1. PAUL ZALAI - Giovanni, what is your background in the freight industry?

I have been in the freight industry since 1999 and never left it.

My first employment was for a freight forwarder in Italy situated nearby Milan Malpensa Airport.

Back then I was spending most of my time helping out in the warehouse loading and unloading freight, unpacking aircraft units and occasionally taking care of local deliveries. I moved into other roles including import airfreight, export airfreight and took my first steps in sales. I worked there for about four years and learnt a lot during that time. I will always be grateful for the time they invested in me and most of all for the important values they have taught me.

I visited Australia in 2003 and relocated to Sydney in 2004 where I immediately found an occupation as warehouse operator for an Italian freight forwarder. The following years I worked in sales as trade development manager and lived in Sydney until in 2009.

I went back to Italy for couple of years but then decided to permanently move to Australia in May 2011 when I was appointed as general manager of CFA.

2. PAUL ZALAI - What attracted you to take an ownership interest in CFA?

A number of different reasons.

First of all, my directors/business partners have always been supportive and made me feel important, hence my desire to work at CFA for many more years.

As well, becoming a father of two children encouraged me to take this important step in my career.

The development of CFA required my personal commitment and taking ownership gave me the extra confidence I needed in order to succeed. It also meant that I had more control on the business as the shareholders allowed me to lead the company completely independently.

Growing the company is challenging and exciting at the same time and it is what motivates me the most.

3. PAUL ZALAI - What specialty services does CFA provide?

In 2019 CFA will be turning 20 years old and right from the start in 1999 the company has been operating as a wholesaler. Today CFA is a neutral co-loader offering consolidation services to freight forwarders in the industry, mainly import LCL from Italy, Netherlands, UK, USA, HKG and South China.

Our partners are reputable Neutral co-loaders with large experience in the business.

With some of them operating for more than 30 years we enjoy their expertise and cooperation.

Import from Italy and USA are the service we focus most of our sales efforts and the numbers are showing a nice trend. Specifically import airfreight from the USA which has rapidly become one of our core services. From December 2017 to May 2018 we handled 439 tonnes of cargo in Sydney alone and the number is anticipated to keep growing at a steady pace.

Independence and flexibility enable us to think fast and make important business decision in the interest of our customers.

4. PAUL ZALAI - What growth do you forecast for wholesale forwarding services?

Not an easy question to answer.

Generally speaking, wholesale forwarding has the potential to keep growing however we navigate in a business dominated by super co-loaders handling large volumes, offering aggressive rates and pushing margins to a minimum.

For small-medium size operators the game is getting tougher so investing resources in more specialised trade lanes and niche services is very important.

IATA is expecting a 4% growth in the region in 2018 and sea freight is also expected to have similar trend.

Looking at CFA the future is promising. From 2011-12 to current the company turnover increased by 5 times. We registered a 21% increase in 2017 and we are expecting a further 20% in the current financial year.

We are obviously proud of the exponential growth, but this won't change our humble attitude and we are determined to keep up the hard work.

5. PAUL ZALAI - It has been great to meet your team today, what is the formula for generating such a strong customer focussed culture?

In my professional career I had the privilege to working with great mentors and successful business people. The key of their success is mainly a mix of hard work and customer service culture.

I do my best to pass on these values to my team who embrace this approach quite easily thanks to their qualities and helping nature.

Training is also an essential aspect as provides our employees the tools to expand their knowledge base and feeling valued. The return on investment from training is beneficial to both the individuals and the company, particularly staff retention creates stability and consequently consistency which reflects in the service we provide.

6. PAUL ZALAI - What other factors have contributed to your growth in recent years?

When a company grows it's always due to a combination of multiple factors.

We have been resilient, had a stable presence amongst the industry and increased marketing activity to expand our footprint.

Growing allowed us to employ additional staff and allocate more time to sales which we know is vital for any business. And finally working with good agents has enhanced the company reputation and profile.



Amanda Schutz, Giovanni Mele, Julieanne West and Elliot Skevington



Cargo Club of Australia

By STEVE BROGAN, Branch Manager & National Sales Manager for Associated Customs & Forwarding / President of the Cargo Club of Australia (August 2014 – present).

The Air Cargo Club was founded in 1967 and set up by airline and airfreight forwarders. In 2016 the club rebranded to the Cargo Club of Australia to incorporate all members of the supply chain.

It now encompasses airlines, Cargo Terminal Operators, Air & Sea freight forwarders, customs brokers, transport operators (Wharf & LCL Cartage, Couriers and interstate carriers) shipping lines, stevedores, NVOCC's, 3PL warehouse operators, unpack and packing depots, industry specific IT and recruitment companies

The club is based in Melbourne and holds regular business and social networking events throughout the year. With regular attendance from both local Melbourne companies and interstate guests you never know who you might meet at one of our functions. At our business networking lunches our members and guests are brought up to date with the current latest hot topics through our network of guest

speakers. We are proud to have Travis Brooks-Garrett from Freight & Trade Alliance (FTA) as our resident headline speaker. It is a great way to keep on top of all the latest breaking industry news as well as networking with industry colleagues and suppliers.

The other very important thing at the Cargo Club is our charity fund raising. The club is a non-for-profit organisation and the money we raise from our functions go to charitable causes. Over the past 4 years our donations have totalled around \$100,000!

Our annual charity golf day held every March supporting the Cri Du Chat Support Group of Australia is one of our larger donations and assists the support group with helping new families that unfortunately have one of their children diagnosed with a Chromosome 5 genetic disorder.

We have also assisted several of our own members and industry colleagues that have required assistance, believing in grass roots charity where our donations are maximised so that the people that need the most assistance get 100% of our donation. The support over the last four years from our industry has been exceptional and we hope

that you can continue to support the club and our charity work in the future.

After 25 years in the industry it has been a very humbling experience to give something back to the industry and more importantly to the people in need of our charity work so if you would like to get behind the club please check out our website www.cargoclub.com.au for more information.

Associated Customs & Forwarding

Associated Customs & Forwarding is half way through their 45th year of operation which started in 1973 as a small Sydney based customs agency known as Associated Customs.

Andrew Hurt and Peter Wrigley purchased the business in 2004 with 10 employees and over the last 14 years expanded the business over the Eastern Seaboard opening offices and warehouses in both Melbourne and Brisbane as well as positioning their Head Office facility in Sydney in a prime Port Botany location.

Today we have office and warehouse facilities in the port precincts in all 3 locations. In Sydney located on 38,000 square metres opposite Port Botany, Melbourne 20,000 square metres next door to Patricks Terminal and Brisbane with 5000 square metres at Bishops Drive at the Port of Brisbane. Our proximity to these three ports gives our customers a huge advantage with regards to container unpacks and export packing as well as utilising all the equipment that we have on offer to perform these services.

With staff numbers now over 100 we've grown from a small business to a very strong Australian owned medium sized company.

We operate our own fleet of trucks that includes 20ft and 40ft Container trucks, tabletops, side-loaders and taut liners, which allows us to offer a full end to end supply chain solution to our customer base all handled in-house.

We offer all aspects of International freight forwarding, customs brokerage and warehousing and distribution focussing on providing IT solutions to prospective and our current customers that helps them manage their business better. With our global affiliation with SEKO Logistics we have over 120 offices in 40 countries worldwide.

ACF has embraced new technologies and the rise of the E-Commerce and Omni channel business however our core strength is our personalised service to our customers which after 45 years in operation is a testament to our long-term growth, stability and commitment to our customers.



The relentless pace of change

By DALE CHRISP*

The Global Shippers Forum and ICHCA International Conference, held in Melbourne on 10 – 11 May 2018, brought together an outstanding line-up of speakers and a full house of attentive delegates for a content-rich program of presentations and panel discussions. Dale Crisp* looks at key themes and trends that emerged.

From the moment Jan Hoffman began his address with the contention that technological progress will never be as slow as it is today, the scene was set for two days of eye-opening statistics, observations, insights and projections.

By the end it was hard to escape the conclusion that the rate of change already evident is challenging, if not overwhelming, global trade participants, providers, regulators and enablers.

Mr Hoffman, the chief of the Trade Logistics Branch Division of Technology and Logistics at the United Nations Conference on Trade and Development (UNCTAD), noted that all 37 trade facilitation measures included in the UN's Trade Facilitation Agreement have a "positive correlation" with e-commerce. But, he asked, are parts of the Trade Facilitation Agreement (which only came into force in February last year) out of date already?

Trade processes are moving quickly from documents to data, from single window information technology to distributed ledger.

"Progressively, various provisions will become antiquated or obsolete and will just want to minimise the incidence and complexity of import, export and transit formalities, continuously review requirements, keep reducing the time and cost of compliance for traders and operators and always choose the least trade-restrictive measure," Mr Hoffman said. Artificial Intelligence (AI) systems will learn and adapt faster to new challenges and technologies than humans, as newly acquired knowledge is passed on immediately to fellow AI-endowed units."

As e-commerce multiplies UNCTAD is already tracking changing logistics

expenditures, with less allocated to inventory-holding and more to transport. Speaker after speaker referred to the sheer volume of trade e-commerce has unleashed, in what Ana Hinojosa, Director Compliance and Trade Facilitation at the World Customs Organisation (WCO) referred to as the "tsunami of packages".

This was graphically illustrated by Maggie Zhou, Managing Director Australia and New Zealand for China's Alibaba Group (self-described as the world's largest retailer) who forecast that by 2020 half of all Chinese on-line shoppers will be buying items using cross-border e-commerce – equating to some 292 million people. Australia is one China's Top Five source countries, by value, with two Australian brands in the Top Five cross-border products; nearly 2,000 of our brands are on B2C platforms.

But as Ms Hinojosa warned, while e-commerce brings consumers 24/7 access, wider choice, advanced shipping and payment options and rapid fulfilment it also comes with a host of challenges including data accuracy and adequacy, fair and efficient collection of duties and taxes, and a range of security and crime risks.

"The global trading environment is becoming increasingly complex and difficult to manage," said Mandy Newton, Deputy Commissioner, Support of the Australian Border Force in the Department of Home Affairs, "Our border processes have to grow with those changes, across industry."

About 70% of serious and organised crime in Australia is actually based offshore, she said, and the perpetrators transact much of their business through normal trade channels, assisted by

illicit bankers, customs brokers and other supply chain participants. "Our relationships with international agencies such as the WCO is fundamental to being able to manage the border in a way that still allows trade to operate appropriately, with very little hold up of your goods but at the same time protecting the nation."

Ms Newton said the only way to effectively manage the burgeoning task is to improve data and intelligence-gathering, in order allocate the necessary resources: "The better we are at sharing information with industry and agencies within our Home Affairs group, within the laws that operate in Australia, the more effective we can be."

The Federal Government is about to launch a 10-year trade modernisation program, for which initial funding was provided to Home Affairs in this year's budget, with three key parts: An international trade system of seamless, digital, automated and user-friendly capability, so it is easier for business to deal with government; a 'single window' for inputs for business into government with multiple access by agencies to eliminate duplication and expense – this will be developed in collaboration with business and will have a commercial component; and trade enforcement to ensure that integrity, safety and security of goods and materials entering the country.

Ms Newton stressed that projects such as the Australian Trusted Trader program are mechanisms by which authorities can facilitate a 'light touch' while developing partnerships that cut costs while allowing better focus on threats and breaches.

The theme of agency/industry co-operation and interdependence was evident in presentations by many other speakers, including Rosie Cicchitti, Director, International and Cross-Border Indirect Tax, Australian Taxation Office, Sachi Wimmer, Executive Director, Transport Security, Department of Home Affairs, and Matt Koval, First Assistant Secretary Department of Agriculture and Water Resources who all, within their own contexts, made clear orderly and efficient trade in these times of revolutionised consumption patterns will require an "all hands to the wheel" approach.

Outlining forthcoming changes to require the advance supply and assessment of air cargo data before

overseas departure, Ms Wimmer noted that industry expertise is essential to good design of such systems: "You know your business best," she told delegates. "Effective security is the key to maintaining trade confidence."

As World Bank Group's Bill Gain later added, it takes a whole-of-government approach at the border to reduce time and cost and achieve economic outcomes for the community. Improving just two areas of trade facilitation – border administration, and transport and communications infrastructure – could increase global gross domestic product by US\$2.6 trillion.

Is technology the new propellant of global trade or the facilitator of a giant coping mechanism that may itself be struggling to keep up?

Innovation session presentations by Containerchain founder Tony Paldano, Wisetech Global founder and CEO Richard White, Blockfreight CEO Julian Smith and Peter McLean, head of Kalmar Asia-Pacific left delegates in no doubt the smartest minds are ahead of the game, realising solutions to iron out existing supply chain bottlenecks and anticipating over-the-horizon challenges.

The undercurrent of constant, irreversible change ran through the messages imparted by Global Shippers Forum Secretary-General Chris Welsh and US Federal Maritime Commissioner Rebecca Dye.

Mr Welsh implored shippers to be alert to the consequences of the evolution of international container shipping, where consolidation of alliances and concentration of ownership has markedly shifted power into carriers' hands. This principally means less competition and fewer choices for importers/exporters, with flow-on effects including fewer services by larger ships, increased port congestion, more delays and less reliability, and the inclination by lines to charge for shortfalls of their own creation.

Commissioner Dye noted that the new alliances are still "working out the bugs in their new collaborative efforts, grappling with greater or lesser success with customer service and terminal operations".

While the FMC has not yet detected any lessening of competition between lines that service the US, it is monitoring the situation very closely. "We require regular, detailed reporting from each

of them and we meet with them on an individual and alliance basis, and they regularly meet face-to-face with staff of our trade analysis bureau," she said.

The primacy of technology in various forms was reinforced in Safety, Security and Port Community sessions, by National Heavy Vehicle Regulator CEO Sal Petrocchio, ICHCA's Capt Richard Brough, Laurence Jones and Adem Long, 1-Stop CEO Michael Bouari, PwC's Matt Kuperholz and Xierated Assets' Jonathan Sharrock.

Frankly, it was all a little intimidating. Glimpses of the future left those in the conference in no doubt they must come to grips with constant re-invention or be left behind.

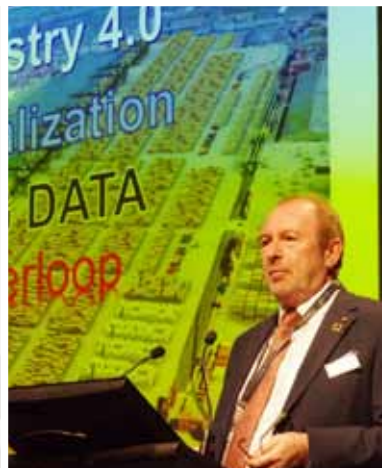
The two-day conference was widely praised for the opportunity to hear and interact with top-level "talent", especially overseas speakers who brought an international perspective not usually available to local audiences. Presentations and speaker profiles are available via the FTA / APSA website at <http://www.ftalliance.com.au/news/14339> and are highly recommended.

**Shipping writer Dale Crisp also provides FTA/APSA with communication and content advice.*





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Chairman - ICHCA International*



*Ana Hinojosa, Director - WCO; Jan Hoffman, Chief, Trade Logistics Branch
(UNCTAD); Mandy Newton, Deputy Commissioner Support - Australian Border
Force (ABF) & Travis Brooks-Garrett, Director - Freight & Trade Alliance (FTA)*



Commissioner Rebecca Dye – Federal Maritime Commission, Bill Gain, Global Lead – Trade Facilitation & Border Management, World Bank Group; Chris Welsh, Secretary-General – Global Shippers Forum; Marika Calfas, CEO – NSW Ports & Professor Hermione Parsons, Director – Centre for Supply Chain & Logistics (CSCL) Deakin University



Jan Hoffman, Chief – Trade Logistics Branch, United Nations Conference on Trade & Development (UNCTAD)



Maggie Zhou, Managing Director – Australia and New Zealand Alibaba Group



Sal Petroccitto, CEO – National Heavy Vehicle Regulator (NVHR)



Chris Welsh, Secretary-General – Global Shippers Forum



John Warda – Chairman, ICHCA Australia



Mandy Newton – Deputy Commissioner Support – Australian Border Force



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