

SA TRADE LINKS



Newsletter of the International Trade Association SA Inc: Edition 1: 8 May 2006



WELCOME AND INTRODUCTION

Welcome to the first edition of *SA Trade Links* - ITASA's new communication vehicle, designed with exporters and importers in mind. The aim of this newsletter is to provide brief and frequent updates on issues that impact on your international trade activities. Contributions from members are welcome. If you have a story, an idea, or are seeking answers then email itasa@itasa.com.au with "SA Trade Links" in the subject heading. We are happy to investigate, source information and report on anything that is important to you and your business. Happy reading. Feedback welcome.

Wendy Rush, Executive Officer and Editor

SOUTH EAST ASIA CARRIERS SEEK MORE MODEST RATE RISES

The 15-member Trade Facilitation Agreement on the southbound trade from southeast and south Asia to Australia has announced a relatively modest mid-year rate restoration of US\$200 per teu, from May 15. Last year the TFA upgraded its April rise from US\$300 announced earlier, to US\$500.

The southbound trade remains strong with load factors high, and last year's 25% rise in capacity has now leveled off after the departure of the Cosco/China Shipping/Goldstar/Hamburg Sud AES service in March 2006 after just one year.

Despite this, the arrival of Maersk with its first dedicated pan Australia/southeast Asia services has had an impact on northbound rates.

Under new Singapore competition laws currently under public consultation, all shipping groups and agreements with a trade share of more than 50% will have to file increased pricing data in exchange for continuing block immunity.

SOUTH AUSTRALIAN INTERNATIONAL TRADE DIRECTORY 2006/2007 EDITION NOW AVAILABLE

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The directory is free, however, multiple copies may incur a postage or courier charge.

PART X REVIEW - AUSTRALIAN SHIPPING SERVICES

Contributed by: Graham Keen, for the SA Shipping User Group

The Productivity Commission Review of Part X of the Trade Practices Act 1974, covering Australian shipping arrangements for export and import of sea cargo, was delivered to the Commonwealth Government mid last year 2005 and has since been under consideration by the Department of Transport and Regional Services who formally administered the Part X Act and Treasury who has connections to the Productivity Commission and the ACCC, and who instigated the Review.

The International Trade Association SA through its SA Shipping User Group sub-committee, which is a Member of the Australian Peak Shippers Association (APSA) has continued to support the retention of Part X as being the basis for a level playing field on which shipping groups can negotiate with shipping lines for favourable freight rates and regular services from all major ports around Australia's vast coastline.

Part X has served Australian Shippers well since the early seventies, being tried and proven over time and ITASA is reluctant to agree to adopt an untried structure which may not provide for the practical and commercial outcomes required for successful export business.

Recent enquiries in Canberra have involved delays in the progress towards any final decision on the future of Part X and to some extent the delay has created a void for conducting serious negotiations between the lines and shipper groups.

ITASA has never-the-less been in regular negotiations with the lines on issues of interest to South Australian shippers, but the more vital structural matters are more difficult to resolve under the circumstances.

Fortunately, in the meantime, there is a world-wide perception of weakness in the container trade, with a softening of sea freight rates across the near future. ITASA suggests these are good opportunities for shippers to negotiate lower and more competitive rates.



INCREASING OUR FOCUS ON MEMBERS

Having successfully navigated the transition to an independent secretariat, your Executive Committee is now focusing on building ITASA into a strong representative body for all South Australian companies involved in international trade.

At the centre of this vision is, of course, our members. A series of lunch time meetings are being held over the next few months where groups of 10-12 members will be invited to come together to discuss their needs and how the Association can play a part in building their success in the international marketplace. Where possible, members will be grouped with others from similar or complementary industry sectors.

The first of these meetings was held on Tuesday, 2nd May at Winston’s of Adelaide and some great discussion ensued about where ITASA should be focusing its energies. Some of the ideas are listed below. Also below are some “happy snaps” of members who attended.

Over the next few months we hope to involve most of our members in this initiative. If you would like to register your interest in attending a Member Focus lunch, by all means contact the Executive Officer at itasa@itasa.com.au and she will ensure you receive an invitation.

MEMBERS’ VIEWS

Members came up with a number of great ideas at the first Member Focus lunch on 2nd May. All suggestions and requests will be carefully considered and investigated to make sure we focus our precious resources on those things that matter most to you, our members. Some of the ideas put forward were:

- ITASA should develop its advocacy role to address problems that arise regarding trade and associated issues. The Association should be approaching relevant authorities on behalf of members. *(Example of what ITASA is already doing under “Is Cold Store Cold Enough?” this page).*
- Develop the Member’s Only area on the website to provide more specific information on importing country requirements.
- Create clear linkages with like-minded organisations to strengthen the support and representation of companies in the international trade arena. These organisations may include the Electronics Industry Association and the Water Industry Alliance. *Other suggestions welcome.*
- Investigate the establishment of a mentoring group to help smaller less experienced companies, allowing members to access exclusively the expertise and country knowledge of more experienced members.
- ITASA functions should be held in conjunction with other organisations, not dedicated just to ITASA membership. This addresses the time constraints of members and the value adding that can occur through well placed alliances.
- Use the name of ITASA as leverage to get international trade issues heard and acted upon.
- Act as a source of information on shipping movements for importing and exporting.

We will report on members’ views after each Member Focus lunch, and will also report on how we prioritise and implement those initiatives that will assist our members in developing their trade activities.

IS COLD STORE COLD ENOUGH?

An article appeared in *The Advertiser* on 18 April 2006 referring to difficulties being experienced by ITASA member Dover Fisheries in keeping its frozen abalone at sufficiently low temperatures while awaiting export out of Adelaide airport. The article caused a few ripples and was even tabled at a meeting of the State Government’s Export Council. But ITASA’s initiative in raising this issue in the public arena has also resulted in all parties concerned vowing to consult on how best to solve the problem. Other abalone exporters have supported the move to ensure adequate facilities are available for their frozen product. We will keep you informed of progress.



Our “Focused” members for May were (L to R): Alan Chilman of Grundfos Pumps, President Blaine Gordon, Immediate Past President Kevin English, Trevor Surman of Michell Australia, Anthony Kittel of Redarc Electronics, Chris Jacobs of Bank SA, Executive Officer Wendy Rush and Dimitri Ovcharenko of Hamilton Pharmaceuticals. Also in attendance but absent from the photos was Robert Rex of Rex Lok.