July 2021

About ICHCA – International Cargo Handling Co-ordination Association

The International Cargo Handling Co-ordination Association (ICHCA) is an international, independent, not-for-profit organisation dedicated to improving the safety, security, sustainability, productivity and efficiency of cargo handling and goods movement by all modes and through all phases of national and international supply chains. ICHCA International's privileged non-government organisation (NGO) status enables it to represent its members, and the cargo handling industry at large, in front of national and international agencies and regulatory bodies. Its Expert Panel provides best practice advice and publications on a wide range of practical cargo handling issues.

ICHCA Australia Ltd is proud to be part of the ICHCA International Ltd global network. To access past newsletters and other useful information go to the ICHCA Australia website at www.ichca-australia.com . The ICHCA international website is at www.ichca.com. To join ICHCA please contact Peter van Duyn, Company Secretary of ICHCA Australia Ltd at peter.van-duyn@ichca.com or telephone 0419 370 332.

Inside this issue

ICHCA SA luncheon

ICHCA South Australia recently held a successful industry event at The Lakes Resort Hotel in Adelaide, attended by more than 40 guests from the freight and logistics industry. The keynote speaker, Justin Ross, Director Strategy, Policy and Analytics at the South Australian (SA) Department for Trade and Investment (DTI) discussed a range of relevant and timely topics.

Mr Ross described the impacts of the COVID disruption on SA's exports, particularly the air freight challenges, and government and industry responses to COVID. The SA government's focus is consulting with industry on policy and financial support, with a particular focus on airfreight exports as international air travel virtually came to a halt. The SA government established the Export Recovery Taskforce to focus on the federally established International Freight Assistance Mechanism to support airfreight exporters. The COVID outbreak saw airfreight leakages from interstate capitals (largely Melbourne and Sydney), resulting in an increase of 40% to 60% of all SA airfreight through Adelaide airport. DTI sponsored a study into export supply chains which found that exporters need to better understand their supply chains and associated risks. Industries across the state need to build capacity and supply chain resilience across their export products mix.

Another topic was China's decisions regarding market access for SA's key export products and how that has impacted on the state. Where exporters have been affected, they have been quick to adapt to the changes, including developing new markets for barley, such as the Middle East. There haven't been any market access issues for iron ore, copper and meat. Improvements in price for these commodities have seen an increase in revenue, which has masked a decline in export revenues from commodities that haven't been able to adapt to market access issues, such as wine and lobster.

As a result of the disruptions from COVID and the Chinese market changes, the government has taken action to minimise the effect on SA's export trade. The government continues to work with industry across all areas of trade including looking at trading technologies and retail platforms as online retailing continues to increase. This includes supporting the adaption of B2B platforms and B2C environments. The government also continues to collaborate with Austrade and other federal and state departments.

ICHCA Australia thanked Mr Ross for highlighting these issues and the industry looks forward to working with DTI and the SA government to maximise trade in an out of South Australia under these difficult circumstances.

The luncheon was sponsored by:

QUBE LOGISTICS

Federal Court dismisses proceedings against NSW Ports

The Federal Court has dismissed the Australian Competition and Consumer Commission (ACCC)'s proceedings against NSW Ports. The proceedings concerned agreements, known as Port Commitment Deeds, which were entered into as part of the privatisation of Port Botany and Port Kembla by the NSW Government in May 2013, for a term of 50 years. The Botany and Kembla Port Commitment Deeds oblige the State of NSW to compensate the operators of Port Botany and Port Kembla if container traffic at the Port of Newcastle is above a minimum specified cap.

NSW Ports Chief Executive Marika Calfas said the outcome was "an emphatic win for the State of NSW and NSW Ports. NSW Ports will continue to focus on ensuring the key trade gateways of Port Botany and Port Kembla deliver efficiently and sustainably for the people and businesses of NSW." In her judgment, Justice Jagot noted that the prospect of Port of Newcastle developing a container terminal in the reasonably foreseeable future while Port Botany has capacity "is fanciful, far-fetched, infinitesimal or trivial".

NSW Ports sees the judgment as supporting the principle of NSW's container port strategy, that container terminal development should be conducted in sequence, with existing capacity at Port Botany utilised first, followed by Port Kembla and only then Port of Newcastle. They believe this strategy will deliver the most effective use of significant public infrastructure investment in support of the overall cost and efficiency of the NSW freight task. Ms Calfas said, "Port Botany and Port Kembla underpin the State's economy contributing $4.4 billion a year to NSW gross state product and creating 29,000 jobs. Premature development of another container terminal in NSW while Port Botany still has capacity would increase the overall cost of moving freight in NSW, to the detriment of the State's economy."

On the other hand, Port of Newcastle CEO Craig Carmody maintains that a container terminal is entirely viable – and necessary – at the Port, for the future of the region, NSW suppliers, and the economy. "This decision is a blow, not just for Port of Newcastle and its commitment to diversification, but to the wider Hunter and NSW regions, its hardworking suppliers and small businesses who are being stopped from benefiting financially and competitively from a container terminal in Newcastle. This setback does not alter Port of Newcastle's desire to build a container terminal, nor our confidence that a container terminal at the Port is a diversification opportunity the Port, Newcastle and the Hunter Region needs," Mr Carmody said.

The ACCC has announced that it will appeal the decision. ACCC chair Rod Sims said, "We are appealing from this decision because we consider that the purpose and likely effect of the compensation provisions entered into at the time the State of NSW privatised the Ports of Botany and Kembla was anti-competitive"**.**

MegaTrans postponed again

Due to the uncertain situation with current COVID 19 outbreaks in a number of states, MegaTrans 2021, which was due to be held in Melbourne in early September, has again been postponed. The new dates are February 16-18, 2022. ICHCA Australia, which is part of the conference, apologises for any inconvenience this may have caused.

CIG calls for risk-based measures to prevent pest contamination

The Cargo Integrity Group (CIG) which consists of the Container Owners Association, Global Shippers Forum, ICHCA International, TT Club and the World Shipping Council, is calling for urgent action from actors in global supply chains to reduce the risk of pest transference through international cargo movements. The five partners in the CIG recognise the vital importance of focusing on the threat of invasive pests to natural resources across the world, and the urgency in crafting risk reduction measures that address the situation. This call to action follows the intentions by pest control experts under the auspices of the *International Plant Protection Convention (IPPC),* to take all-encompassing, internationally imposed steps to mitigate such risks. One measure under serious consideration is the mandatory certification of cleanliness for all containers prior to loading on board a ship, a measure that would have significant impact on global trade when it comes to both time and cost.

Lars Kjaer, senior vice president of the World Shipping Council (WSC), explains the CIG partners concerns around these very broad proposals: "We know that more serious risks occur among certain types of goods and from identified regions. The CIG recommendation centres on the need to provide proper risk assessments in defined trades and focus mandatory measures on these high-risk areas and cargoes." The partners in CIG are committed to ensuring that international trade is conducted in a safe, secure, and environmentally sustainable manner. They rigorously promote the use of the *Code of Practice for the Packing of Cargo Transport Unit*' published by the IMO, the UNECE and the ILO (the CTU Code).

The serious issue of the transfer of invasive pests between different natural ecosystems is very much a part of this commitment. It is also crucial that the development of any such controls is undertaken in full consultation with other appropriate bodies, in particular the international agencies responsible for the governance of world trade and for the regulation of different modes of transport, as well as supply chain stakeholders and industry practitioners. "There are identified risk areas and cargoes which must be addressed, and the CIG partners look forward to contributing essential industry expertise to the work of the IPPC to ensure an effective and efficient set of recommendations and best practices to stop the transfer of invasive species," concludes James Hookham, secretary general of Global Shippers Forum.

ACFS to acquire IPS Logistics in Brisbane.

ACFS Port Logistics (ACFS) is proud to announce the acquisition of IPS Logistics Group's Port of Brisbane operation which includes 54,000 sqm of warehousing, 16,000 sqm of container storage, and a transport fleet primarily consisting of higher productivity vehicles. Located adjacent to the ACFS operations at the Port of Brisbane, IPS has been a strategic operator within the port precinct providing logistical services to a host of national and state-based importers and exporters. There has been a long-standing relationship between both organisations, resulting in the progression of a binding transaction.

The acquisition further cements the ACFS service offering within the Port of Brisbane and to the broader import and export market in Queensland. ACFS CEO and Managing Director Arthur Tzaneros stated that, "Demand within warehousing is outgrowing supply in the market, and hence securing long term assets in high volume import and export hubs is imperative to enable ACFS' continued growth. We will continue to expand our capability in all facets of the containerised logistics supply chain by creating scale and efficiency supported by strong technology and blue-chip infrastructure assets, to achieve best in class supply chain models. We look forward to on-boarding and building long term relationships with IPS' current customers and staff and commit to providing a reliable solution that has constantly enabled us to differentiate ourselves in the market."

This transaction complements the growing ACFS national footprint of strategically located facilities nationally, that will be further enhanced with the opening of stage one of the St Mary's Intermodal hub which is expected to be ready in August this year.

Maersk awards contract to build first carbon neutral vessel

Maersk has announced signing a shipbuilding contract for the world's first containership powered by carbon neutral methanol. The contract was recently signed with Hyundai Mipo Dockyards and calls for the small feeder ship to be equipped with a dual engine that will enable it to sail on either methanol or traditional very low sulphur fuel. Maersk announced in February its intention to operate the world's first carbon neutral liner vessel by 2023. This is 7 years ahead of schedule based on its initial 2030 ambition, part of Maersk's long-term goal of achieving a carbon neutral fleet by 2050. It is planned for the new vessel to fly the Danish flag.

"This ground-breaking container vessel shows that scalable solutions to properly solve shipping's emissions challenge are available already today," said Henriette Hallberg Thygesen, CEO of fleet & strategic brands, A.P. Moller – Maersk. "From 2023 it will give us valuable experience in operating the container vessels of the future while offering a truly carbon neutral product for our many customers who look to us for help to decarbonize their supply chains." Maersk said the new feeder is planned to be 172 metres long and will sail in the network of Sealand Europe, a Maersk subsidiary, on the Baltic shipping route between Northern Europe and the Bay of Bothnia.

Freight Victoria releases Voluntary Performance Monitoring Framework

The container transport industry has welcomed Freight Victoria's release of the first quarterly report into performance indicators for the container stevedore terminal/landside access interfaces in the Port of Melbourne. The performance indicators have been published under Victoria's Voluntary Performance Monitoring Framework (VPMF), with the co-operation of the three stevedore terminals in Melbourne – DP World Australia West Swanson Terminal, Patrick East Swanson Terminal, and Victoria International Container Terminal at Webb Dock.

The data published in the first VPMF quarterly report aligns with data already available from other sources; however, it disaggregates the data from port level to the individual stevedore terminal level so that the performance of each terminal can be assessed. It is hoped that over time the framework can be extended and include additional data on empty container management and rail container freight performance.

The report can be accessed **here**.

How much should shipping pay for its emissions?

Source: Google images

A lot has been written about whether shipping should be subject to a carbon tax. About 90% of the world trade is transported by global shipping and it accounts for nearly 3% of the world's CO_2 emissions.

The European Commission recently proposed that shipping emissions should be added to the European Union (EU) carbon trading market. The Commission's proposals need to be negotiated and approved by a majority of EU countries and the European Parliament before they enter into force, a process that could take up to two years. The Commission's proposal is to levy 100% of ships trading within the EU and cover 50% of emissions from international voyages ending or starting within the EU.

Shipping is one of the most difficult sectors to decarbonise and industry groups cite a lack of commercially viable technologies. EU data show that, if shipping was part of the EU's emissions trading system, Mediterranean Shipping Company (MSC), whilst reducing carbon emissions in 2020 by about 3% compared to 2019, would be ranked sixth in the ranking of EU carbon emitters, overtaking some coal fired power plants. MSC refuted the claim stating that the raw data should be put in the context of the amount of cargo carried. MSC and Shell International Petroleum Company have also recently signed a memorandum of understanding to decarbonise shipping, exploring opportunities to use LNG in MSC's fleet, and progressing to synthetic or bioLNG, through to methanol and hydrogen derived fuels.

Maersk said it will launch a carbon neutral liner vessel in 2023 - seven years ahead of its initial 2030 ambition. CMA CGM, and others, have launched LNG fuelled container vessels which, whilst still using fossil-based fuels, have substantially less emissions than the heavy fuel currently used by most vessels. Several shipping companies are in the process of designing and building zero emissions vessels. Finnish technology group Wärtsilä has recently completed full-scale engine tests using hydrogen and ammonia fuel. The company described the results as "very encouraging". Tests using pure hydrogen were also completed successfully on another engine. For the energy market, Wärtsilä is hoping to have an engine and plant concept for pure hydrogen operation ready by 2025, while in the marine market it expects to have an engine running on an ammonia blend by the end of this year. An engine concept with pure ammonia fuel is also planned for 2023.

The International Maritime Organization (IMO) is coordinating measures to curb emissions among its more than 170 members. The IMO has spent the last decade adopting a series of mandatory regulations to improve the energy efficiency of ships as part of carbon cutting efforts. It aims to halve maritime emissions by 2050 from 2008 levels. That falls short of the EU's plan to eliminate its economy-wide net emissions by then, a goal scientists say the world must meet to avoid the worst impact of climate change. Moreover, the IMO target has been faced with fierce criticism from environmental organisations as too weak and unambitious.

The International Chamber of Shipping (ICS) has stated that several trade groups, representing more than 90% of the world's merchant fleet, have submitted a proposal to shipping's United Nations regulator asking to prioritise a carbon tax for the industry. Guy Platten, ICS secretary general, has described the EU proposal, to include shipping in the carbon trading market as a revenue raising exercise, which will greatly upset the EU's trading partners. "It cannot be equitable for non-EU shipping companies to be forced to pay billions of euros to support EU economic recovery plans, particularly under a scheme that undermines CO2 negotiations," Platten said.

Shipping is still the most energy efficient method of transporting large volumes of goods over long distances, however businesses (and their customers) are placing more and more emphasis on the environmental impact of shipping. Shipping needs to pay its fair share to move to net zero emissions by 2050, whether it be through a carbon trading market or other means. Let's hope that an increased availability and uptake of new technologies by shipping lines will assist in reducing emissions of their vessels to minimise the impact on the environment sooner rather than later.

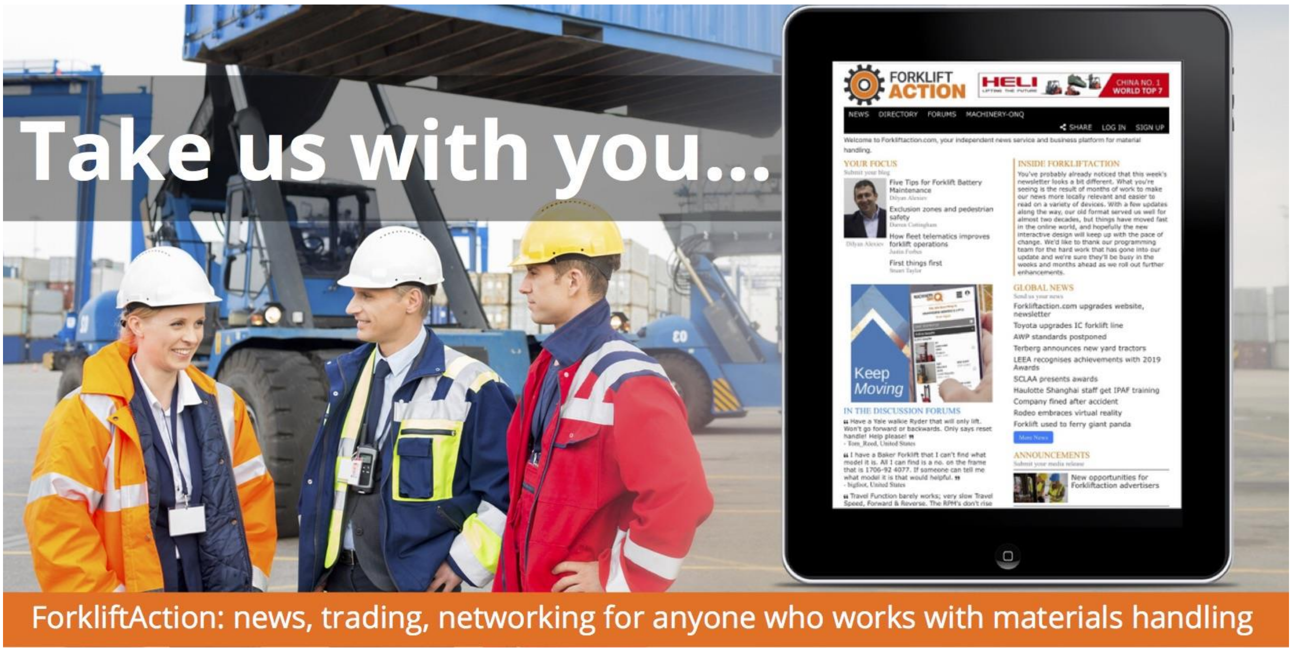
Peter van Duyn, Maritime Logistics Expert, Centre for Supply Chain and Logistics, Deakin University

This article appeared recently in the Daily Cargo News.

Qube sells Moorebank Logistics Park

Qube has entered into binding transaction documentation for sale of property assets at Moorebank Logistics Park (MLP) to LOGOS Consortium for about $1.67 billion. In February, Qube Holdings Limited (Qube) announced that it had entered into a non-binding commercial term sheet with LOGOS Property Group for the sale of 100% of its interest in the warehousing and property components of the MLP project (MLP Property Assets). Qube is pleased to announce that it has entered into binding transaction documentation with the LOGOS Consortium in relation to the transactions outlined below.

Qube Managing Director Paul Digney commented, "We are delighted to announce Qube's entry into a binding sale agreement with the LOGOS consortium, who is an ideal partner for the Moorebank project as they recognise the high quality and significant long-term strategic value of MLP. We believe that the transaction with the LOGOS consortium allows Qube to realise a strong value for the MLP Property Assets, de-risks delivering the leasing and development of future warehouses and significantly reduces Qube's ongoing capex requirements. The LOGOS Consortium's arrival at Moorebank will also underpin the Commonwealth's investment in this nation-building project. We consider this very much a win-win for Qube, LOGOS and our partners, the Commonwealth-owned Moorebank Intermodal Company (MIC)."



Autocare Services back under LINX CCG control

The voluntary administration process for Autocare Servicers has been completed and control of the business has returned to LINX Cargo Care Group. The process came to an end on 1 July following the implementation and effectuation of its creditor-endorsed deed of company arrangement (DOCA) proposed by LINX CCG. The decision to return Autocare Services to LINX CCG was resolved by Autocare Services' creditors at the second creditors meeting in June, with the majority of creditors voting in favour of the DOCA proposed by LINX CCG.

Autocare Services Executive General Manager Simon Abela said Autocare Services re-joins LINX CCG with a new operating model, leadership team, property footprint and structure that places the business on sustainable footing into the future. “This has been an incredibly challenging period for our people, partners and customers but pleasingly, with their support, we've been able to emerge from the voluntary administration process with a structure and operating model that we are confident will bring stability and ensure our viability moving forward,” Mr Abela said.

LINX Cargo Care Group CEO Anthony Jones said, “I'm confident the revised operating model breathes new life into Autocare Services and enables the business to regain their momentum in an increasingly competitive market that continues to see extensive change.” The Autocare business was placed into administration in February.

Updates from the Department of Agriculture, Water and the Environment

Name change

As of 1 July 2021, the Maritime National Coordination Centre (MNCC) will be renamed to the National Maritime Centre (NMC) to better align with a number of expanded functions they will undertake as part of the implementation of the Department's broader strategic actions.

All emails previously directed to the MNCC are to be sent to the new NMC generic inbox**:** **maritimenc@agriculture.gov.au.** Although this change is effective from now, the previous MNCC inbox will be monitored until 1 September 2021.

For further information contact the Department’s National Maritime Centre (NMC) by email (**maritimenc@agriculture.gov.au)** or phone 1300 004 605 (in Australia) or +61 8 8201 6185 (outside Australia).

BMSB season

The Brown Marmorated Stink Bug (BMSB) is upon us again soon. Emerging risk countries for the 2021-22 BMSB risk season include Belarus, Malta, Sweden, United Kingdom, and Chile. For the 2021-22 BMSB risk season, measures will apply to certain goods manufactured in, or shipped from target risk countries, and/or vessels that berth at, load, or transship from target risk countries. The measures apply to goods shipped between 1 September 2021 and 30 April 2022 (inclusive). Target high-risk goods shipped between these dates require mandatory treatment.

The BMSB seasonal measures are available on the Department's **BMSB webpage**.

Khapra beetle

To support the implementation of the khapra beetle urgent actions, the Department has developed two short videos to communicate:

- the risks khapra beetle poses to Australia
- how to identify khapra beetle
- the importance of sea container cleanliness
- how to maintain sea container cleanliness.

For more information on the khapra beetle urgent actions, please visit the Department’s **webpage**, or contact the team at imports@agriculture.gov.au with any questions.

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