



December 2023

## 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.

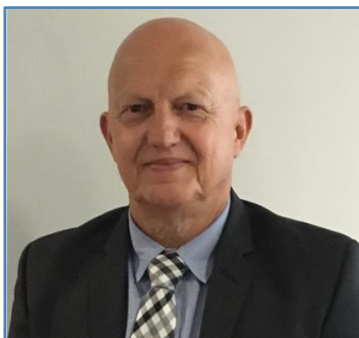
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## Season's greetings

Dear members and readers of our newsletter, on behalf of the Board and management of ICHCA Australia, I wish you all the very best for the festive season and a happy and prosperous 2024. I trust that you and your teams can take time out over the holiday period to share quality time with family and friends and come back refreshed for the challenges that each new year brings.



*John Warda, Chairman ICHCA Australia*

As you are no doubt aware, participants in the logistics, ports and supply chain industries continued to experience significant disruptions to their operations during 2023, with the pandemic hangover, workforce shortages, the ongoing war in Ukraine, and more recently the Israeli conflict in Palestine, resulting in considerable productivity challenges for businesses across the globe.

Let's hope that your businesses can remain resilient during 2024 and learn to adapt to the ongoing stresses that we are living with today. Importantly, let's also ensure that we undertake our operations in a safe and efficient manner with ICHCA looking forward to continuing its work with industry to advance safety and operational best practice for our members.

## The TT club Innovation Safety Award

Save the date! The TT Club Innovation in Safety Award Ceremony to announce the winner will be held on 22 February 2024.

A promotional graphic for the TT Club Innovation in Safety Award. The left side is a red rectangle with white text: "ICHCA INTERNATIONAL presents the TT Club Innovation in Safety Award Thursday 22 February 2024 | 3:00pm London (GMT) hosted by TOC WORLDWIDE". The right side is a photograph of a blue truck on a bridge at night, with the text "Save the Date!" overlaid in large white letters.

## Supply chain hurdles expected for 2024

The drought in the Panama Canal, which has halved the daily number of ships being able to pass through the Canal, and the continued attacks on commercial ships in the Red Sea have thrown up some curve balls for shipping and shippers, which are likely to continue well into 2024.

Due to the lack of rain in the Gatun Lake and the area around it, the Panama Canal is experiencing one of the driest years in the country's 143 years of keeping records. As the rainy season is not expected to start until May next year, restrictions on the transit of ships, which use a large volume of water from the Lake on each transit, is likely to remain at least until then.

Another important shipping route, the Red Sea and Suez Canal, which account for one sixth of the world's cargo flow, is also currently under threat from attacks on ships by Houthi rebels which operate out of Yemen. Several shipping lines are now refusing to use this route until protection of their ships by naval vessels can be assured. Consequently, insurance premiums for ships and cargo are escalating. The alternatives to using the Panama Canal and the Suez Canal add a significant number of sailing days and

extra time for cargo to arrive. Although most of Australian trade is with Asia and India, there will be additional costs and time associated with cargo bound for Australia that use these waterways.

Locally, the dispute at DP World container terminals seems to be continuing, holding up thousands of containers and delaying ships. The MUA has been taking intermittent protected industrial action, since October, while DP World is trying to negotiate a new enterprise agreement. Let's hope the parties come to an agreement soon to ensure delays and additional costs to supply chains are avoided.

## ACCC stevedoring report released

The operating profit margin of Australia's container stevedoring industry increased to 24.9 per cent in 2022-23, continuing a trend of rising profit margins since a low of 5.8 per cent in 2018-19, the ACCC's *Container Stevedoring Monitoring Report 2022-23* shows. While the industry profits have rapidly increased in the past few years, the ACCC believes it is too soon to know whether the current profit margins are likely to be sustained. To gain a better understanding of the profit trends, the ACCC is currently considering whether to undertake further analysis of the stevedores' profit margins of recent years.

Stevedoring is a capital-intensive business and the large investments they make are not steady or uniform, so the industry's financial performance does need to be considered over a longer timeframe. The stevedores recorded historically low profit margins before the COVID-19 pandemic, and the industry's average operating profit margin between 2012-13 and 2022-23 is 16 per cent.

"While we have not formed a conclusive view on the stevedores' profit margins, we are concerned by emerging evidence that the two new entrants of the last decade, Hutchison and VICT, are not constraining the incumbent multi-port stevedores as effectively as we had hoped," ACCC Commissioner Anna Brakey said. "Due to their focus on efficiency and cost minimisation, at least some shipping lines appear to be preferencing the same stevedore across multiple ports, which advantages Patrick and DP World."

Patrick and DP World operate at Melbourne, Sydney, Brisbane and Fremantle ports. Hutchison (Sydney and Brisbane) and VICT (Melbourne) may be less attractive to shipping lines as they do not have a national presence, the report explains. "Australia is a trade-exposed country and many of the goods that we rely on in our everyday lives come through our container ports," Ms Brakey said.

The report can be found [here](#).

## Australia re-elected to the IMO Council

Australia has been re-elected to Category B of the International Maritime Organization (IMO) Council for 2024-25. The IMO is a specialised United Nations agency dedicated to ensuring the safety, efficiency, and security of international shipping and it appoints the Council to oversee its work. Category B is composed of 10 states with the largest interest in international seaborne trade.

Australian Maritime Safety Authority (AMSA) Chief Executive Officer Mick Kinley said Australia's re-appointment to the Council is testament to Australia's substantial maritime claims. "As a large maritime nation, 99% of Australia's international trade is conducted by sea, with over 28,000 port visits in the 2022/23 year alone. We also have the world's third-largest exclusive economic zone and our search and rescue region covers 10% of the earth's surface," he said. "While Australia manages one of the world's largest shipping tasks, our coastlines and diverse marine environments are integral to our nation's environmental and cultural heritage, and economic prosperity, therefore, sustainability remains a top priority."

Highlighting Australia's longstanding involvement in the IMO Council since 1985, Mr Kinley expressed gratitude for the global community's support in endorsing Australia's continued contribution to the IMO Council for the 2024-25 biennium. Australia's campaign for re-election to category B of the IMO Council was led by AMSA, supported by the Australian Government Department of Foreign Affairs and Trade and the Department of Infrastructure, Transport, Regional Development and Communications.



**Take us with you...**

ForkliftAction: news, trading, networking for anyone who works with materials handling

The advertisement features a photograph of three workers in safety gear (hard hats and high-visibility jackets) standing in front of a forklift. To the right, a tablet displays the ForkliftAction website interface, which includes a navigation menu (NEWS, DIRECTORY, FORUMS, MACHINERY-ONQ), a welcome message, and several news articles under sections like 'YOUR FOCUS', 'INSIDE FORKLIFTACTION', 'GLOBAL NEWS', and 'IN THE DISCUSSION FORUMS'. The text 'Take us with you...' is overlaid on the image, and a blue banner at the bottom contains the text 'ForkliftAction: news, trading, networking for anyone who works with materials handling'.

## Strategic or Tragic Fleet?

*The following article written by Peter van Duyn was recently published in the Daily Cargo News*

The old chestnut of Australian flagged and operated vessels has reared its head again with the recent release of the Strategic Fleet Taskforce Report. The issue of ships owned, crewed, and operated by Australian companies has been around for many years. The Australian commercial shipping fleet has seen a steady decline over the years with the number of Australian owned ships reduced from 100, some decades ago, to currently only 11 ships. In 2021, 6170 individual foreign flagged vessels called at Australian ports but only 4 Australian flagged vessels (LNG carriers) operated on international trade routes.

In October 2022, the Federal Government established a Strategic Fleet Taskforce and asked for submissions from stakeholders, with the purpose of advising government on how best to establish a fleet of up to an additional 12 Australian flagged and crewed merchant vessels. The final report was released recently with the Government's response to the Taskforce's 16 recommendations. No surprise the report was launched in WA with the Minister for Infrastructure, Transport, Regional Development and Local Government, Catherine King, flanked by representatives of the WA Government and Maritime Union of Australia (MUA) officials. WA as well as QLD, both Labor state governments, have been supportive of establishing a strategic fleet as their coastlines stretch over thousands of kilometres. Land and rail connections to remote locations are frequently disrupted by weather events, which cuts off vital access to goods and services for many communities. These communities can then only be reached by ship.

The issues that the Taskforce Report addresses are well known and long standing. The current taxation and regulatory frameworks mean that it is largely uneconomical to register ships in Australia. Similarly, cost and

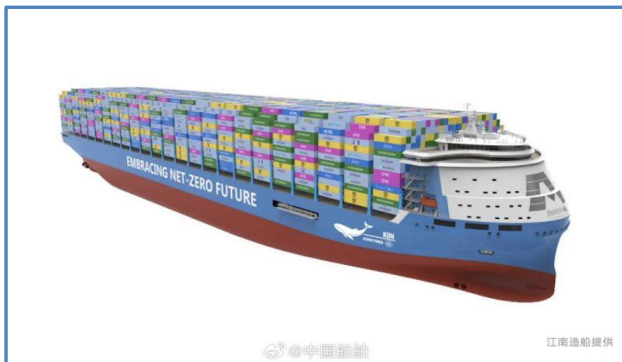
regulation are adding further burdens to the already difficult task of attracting Australians into maritime careers. The report makes 16 recommendations with the government agreeing to 12 in full or in principle. However, these were primarily minor suggestions, such as reviewing regulation and legislation and establishing cadetships and funding for education pathways that benefit maritime skills. The Government hopes that the initial fleet of 12 new vessels will grow further in the future. The composition of the fleet's vessel types has yet to be decided, although it is likely to be a mix of container, ro-ro, and dry and wet bulk carriers.

The response from the MUA, and the Maritime Industry of Australia, both members of the Taskforce, has been positive. Shipping Australia, which represents overseas shipping lines has, not surprisingly, been less flattering, describing the taskforce's proposals as 'bad policy', driving up costs and a waste of public money. In the case of disruptions or in time of crisis, where our sovereignty is at risk, we not only need a naval fleet but also merchant vessels that support Defence. The UK, which has the so-called STUFT program (Ships Taken Up From Trade), relied heavily on merchant vessels to assist the Navy with their supply lines in the Falkland War. The USA has the Military Sealift Command, which has a core fleet of ships owned by the United States Navy and others under long-term-charter augmented by short-term or voyage-chartered ships, all crewed by civilian mariners.

The Government acknowledges that Australian flagged vessels have higher operating costs relative to foreign flagged vessels. The Taskforce estimates that the cost premium of running an Australian flagged and crewed vessel is \$5-8 million per annum. I, for one, believe that if we can spend \$368 billion on a submarine program, this is a small price to pay for the national economic and community benefit of having an Australian owned and operated fleet of merchant vessels. It remains to be seen if the Government has a sense of urgency to bring the Strategic Fleet into reality.

## CSSC unveils plans for a nuclear-powered container ship

China State Shipbuilding Corporation (CSSC) has recently unveiled plans for what could potentially become the world's largest nuclear-powered container ship. The vessel will utilise a fourth-generation Molten Salt Reactor (MSR) to generate electricity. The slated capacity of the ship is 24,000 TEU.



Source CSSC

"The ultra-large nuclear container ship is designed to truly achieve 'zero emissions' during the ship's operating cycle," CSSC said in a Weibo post. Classification society DNV was reportedly on hand for the launch ceremony to issue an approval-in-principle to CSSC shipyard Jiangnan Shipbuilding.

Molten Salt Reactors (MSRs) are a type of small-scale modular nuclear reactor that use a liquid mixture of salts as both the fuel and the coolant. The fuel, which is dissolved in the salt, allows for better control and efficiency in the nuclear reaction, providing improved safety and potential for higher fuel utilisation. Considering that nuclear energy has been supplying zero-emission power to naval and government vessels for over six decades, the shipping industry is exploring the use of nuclear propulsion for commercial ships to increase efficiency and reduce the industry's carbon footprint to meet international targets.

A study by international classification society ABS suggested that nuclear propulsion in commercial marine vessels, specifically a 14,000 TEU container ship and a Suezmax tanker, can increase cargo capacity and operational speed while eliminating CO<sub>2</sub> emissions and the need for refuelling over a 25-year lifespan. Christopher Wiernicki, chairman and CEO of ABS, believes nuclear propulsion is key to achieving a net-zero world. "A net-zero world is more easily realised through nuclear propulsion, and we are putting in place the

foundations for that future today. Turning this into a practical reality will require significant public sector support and ABS is well placed to bring governments and industry together,” he said upon ABS’ release of the study in July. “Advanced or small modular reactors address many of the issues traditionally associated with nuclear for commercial maritime use, with enhanced safety and efficiency, reduced cost and waste and proliferation prevention. Nevertheless, many questions need to be answered and it is critical that industry evaluate these technologies with a laser focus on safety,” he said.

## Updates from the Department of Agriculture, Fisheries and Forestry

### Holiday shutdown period

The Department’s Canberra office will close from COB, Friday 22 December 2023 and will re-open at the on Tuesday 2 January 2024. Online portals and lodgement systems will be available for use over this period. However, activities will only be conducted by departmental staff during hours of operation specified on the Department’s website (see link below). All departmental functions will resume at the commencement of business on Tuesday 2 January 2024.

For further details, please visit the Department’s website: <https://www.agriculture.gov.au/biosecurity-trade/import/industry-advice/2023/261-2023>

### BMSB newsletter

The Department has provided industry with an update on the Brown Marmorated Stink Bug (BMSB). The details can be found here: <https://mailchi.mp/agriculture.gov.au/bmsb-2022-23-newsletter-3-b9bs0i7112-15396104?e=0b49a5a356>

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