

“KEEPING AUSTRALIA’S INTERNATIONAL TRADE MOVING”



Australian Peak Shippers  
Association Inc. (APSA)

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## **PEAK TRADE BODIES CALL FOR A NEW FEDERAL REGULATOR**

**In parallel to threats caused by geopolitical tensions, serious disruption to international supply chains is jeopardising access to markets for Australian traders.**

In commending the Federal Government for initiating the Productivity Commission’s *Inquiry into Vulnerable Supply Chains*, Paul Zalai, Director Freight & Trade Alliance (FTA) and Secretariat of the Australian Peak Shippers Association (APSA) notes “*a well-regulated economy helps Australia to prosper – in terms of international trade, this needs serious consideration as market forces are failing to provide basic protections to critical sectors of commerce with downstream devastating effects being felt by retailers, manufacturers, farmers and rural communities*”.

Zalai states that global demand for containerised shipping capacity is at an all-time high, primarily generated by the pandemic surge of import cargo “*limited supply of shipping services, erratic positioning of container equipment and poor performance in many key international ports is resulting in significant spikes in freight rates, escalation of surcharges and an all-time low in reliability of services.*”

There is no relief in sight in an environment of consolidation in shipping lines and stronger Alliances (consortia of shipping lines entering vessel sharing agreements) creating significant barriers for new entrants into this global market, let alone successfully compete in a somewhat isolated Australian trade-lane. “*while some new services are being introduced, this is insufficient to meet demand with Australian exporters, importers and freight forwarders experiencing the effects of increased costs, rolled (delayed) bookings and blank (cancelled) sailings.*” Zalai says.

Zalai tempers the positive engagement with local shipping line representatives by noting that many are largely hamstrung by instructions from their overseas masters “*Australia is 100% dependent on foreign owned shipping lines to service our containerised trade so we need to incentivise the profitability of our market - but this cannot be at any cost and this is where we need Federal Government intervention to safeguard the interests of Australian traders*”.

In a detailed submission to the Productivity Commission, FTA / APSA and an alliance of peak industry associations have called for the creation of a new federal regulator, along the lines of the US Federal Maritime Commission (FMC), to facilitate competitive international trade and to provide protections from the emergence of unreasonable pricing practices.

Associated recommendations include the need for a formal shipping competition review, a call for minimum service levels and regulation of Terminal Access Charges and container detention practices. The submission also made detailed reference to the need for waterfront industrial relations reform, implementation of Biosecurity priorities and continued financial relief measures for the air cargo sector.

“*Australia has world class manufacturers and producers who are supported by skilled customs brokers and freight forwarders ready to take advantage of the opportunities created by free trade agreements and those economies recovering from COVID-19 - these opportunities will not be fully realised while physical access to market and costs of trade are prohibitive*” Zalai says.

## SUMMARY OF RECOMMENDATIONS

**FTA / APSA see the need for the creation of a new federal regulator, along the lines of the US Federal Maritime Commission (FMC), to facilitate open and competitive international trade while safeguarding the interests of Australian shippers (exporters, importers and freight forwarders).**

Recommendations 1, 2, 3, 4 are symptomatic of a larger issue, where key decisions are now being made offshore by foreign owned shipping lines, with inadequate controls, understanding, or oversight, from relevant Australian regulators, despite our vulnerable supply chains being highly dependent on containerised shipping line services.

**RECOMMENDATION 1 (shipping competition review)** – the Australian Competition and Consumer Commission (ACCC) to progress its review to establish shipping competition policy and associated regulatory framework to: 1) ensure vessel sharing consortia can continue with qualified exemption from normal competition rules administered in Australian commerce; and 2) monitor the appropriateness of shipping line (and contracted stevedore / empty container park) surcharges, fees and penalties.

**RECOMMENDATION 2 (minimum service levels and notification periods)** – repeal of Part X of the Competition and Consumer Act 2010 to be contingent on the introduction of an appropriate regulatory framework that provides exporters, importers and freight forwarders minimum service levels and minimum notification periods.

**RECOMMENDATION 3 (regulation of Terminal Access Charges)** – the scope of the National Transport Commission (NTC) review of Terminal Access Charges be expanded to examine the potential of regulation to force stevedores (and empty container parks) to cost recover directly against their commercial client (shipping line) rather than via third party transport operators.

**RECOMMENDATION 4 (regulation of container detention practices)** – the need for federal government action and potential regulation, similar to US Federal Maritime Commission (FMC), to ensure reasonable container detention policies are administered.

**RECOMMENDATION 5 (waterfront industrial relations reform)** – the Federal Government to initiate a formal waterfront industrial relations review to provide immediate and continued business continuity for what is an 'essential service' and our international gateway for major supply chains.

**RECOMMENDATION 6 (implementation of Biosecurity reform priorities)** – ongoing engagement and reporting between the Department of Agriculture, Water and the Environment and industry to achieve the four reform priorities identified in the Inspector -General of Biosecurity (IGB) report [Adequacy of department's operational model to effectively mitigate biosecurity risks in evolving risk and business environments](#) being 1) Regulatory maturity; 2) Risk pathway partnership; 3) Frontline focus; and 4) Sustainable funding model.

**RECOMMENDATION 7 (extension of IFAM funding)** – the Federal Government should allocate additional funds to maintain the International Freight Assistance Mechanism (IFAM) and / or similar financial relief measures to support the air cargo supply chain sector until the end of 2023 (at minimum), with actual allocation of funds subject to periodic reviews pending the return of international passenger flight services.

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## ABOUT FTA / APSA

Freight & Trade Alliance (FTA) is Australia's leading representative body for the international supply chain sector bringing together importers, exporters, customs brokers, freight forwarders, logistics service providers and industry groups. FTA also manages the Secretariat for the Australian Peak Shippers' Association (APSA) being the peak body as designated by the Federal Minister of Infrastructure and Transport to protect the interests of Australia's cargo owners and shippers in respect to shipping and international logistics services.

FTA / APSA represents more than 500 corporate members and provide international trade and logistics advocacy to the following associations:

- Australian Cotton Shippers Association (ACSA);
- Australian Council for Wool Exporters and Processors;
- Australian Dairy Products Federation;
- Australian International Movers Association (AIMA);
- Australian Meat Industry Council (AMIC);
- Australian Steel Association (ASA); and
- Tasmanian Logistics Committee (TLC).

### CONTACT

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