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FREIGHTMART PRESENTATION TO

WAVBC

Business relationships with Vietnam

Thursday 6th September 2018

Key interests and benefits

- Negotiation of Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area (AANZFTA) was the first plurilateal free trade agreement (FTA) negotiation embarked upon by Australia.

- AANZFTA entered into force on 1 January 2010 for eight signatories: Australia, New Zealand, Brunei Darussalam, Malaysia, Myanmar, the Philippines, Singapore and Vietnam.

- AANZFTA is complemented by our bilateral FTAs with Malaysia, Singapore, Thailand and New Zealand.

- The agreement delivers extensive tariff reduction and greater certainty for services suppliers and investors.

- Extensive tariff reduction and elimination commitments.

Key interests and benefits

• Regional rules of origin provide new opportunities for Australian exporters to tap into international supply chains in the region.

• Promotes greater certainty for Australian service suppliers and investors, including through certain legal protections for investment in ASEAN territories.

• Provides a platform for ongoing economic engagement with ASEAN through a range of built-in agendas, economic cooperation projects and business outreach activities.

• Main exports from Vietnam are furniture, textiles, and electronics. Imports range from machinery & equipment, raw materials for clothing, plastics & steel products.

Carrier information

- There are 10-12 main carriers servicing SE Asia into Fremantle, but all carriers are very similar operationally with transit times around 18-22 days in general (via Singapore/Malaysia).

- Carriers also have varied free time when it comes to container detention – generally this will range from 7-10 days from discharge. It is important to negotiate extended free time because this can become very costly if you hold the container for too long.

- With the demise of some carriers (Hanjin), and the formulation of alliances (ANL/CMA, K-Line/NYK/MOL) the overall capacity of carriers servicing Australia has decreased dramatically over the past 3-4 yrs. This has resulted in congestion at load & transshipment port at certain times.

Shipping landscape

It is worth considering the changes in the carrier landscape over the last 3 years. Recent Merger and Acquisition activity has materially altered competition; three years ago there were 21 carriers serving the trade. This is fast diminishing...

2015 - Carriers	2017 - where are they now?
ANL	Now owned by CMA-CGM
APL	Now owned by CMA-CGM
COSCO	
CMA-CGM	
China Shipping	Now owned by COSCO
Evergreen	
Maersk	
Hamburg Sud	Now owned by Maersk
Hanjin	Bankrupt
Hapag Lloyd	
Hyundai	
K-Line	Merged with NYK/MOL
MSC	
MOL	Merged with K-Line/NYK
NYK	Withdrawn from the trade
OOCL	Now owned by COSCO
PIL	
Sinotrans	
TS Lines	
UASC	Now owned by Hapag Lloyd
Yang Ming	

FCL v/s LCL

• Both weekly service, transit time very similar.

• Double handling for LCL when unpacked/repacked in Singapore will increase the risk of damage.

• Additional 3-4 days incurred at destination before you can obtain delivery of your cargo – extra legs in the LCL process.

• LCL cargo is charged differently at destination, the PSC/THC are levied per m3/1000kgs whereas for FCL you are paying a set cost per 20’ or 40’ unit.

• Usually the FCL option becomes more cost effective when you have 10m3 or greater – even though this is less than 50% of a 20’ unit.

• Ideally you want to spread shipping costs over as much product as possible (40’ HQ) but this also means holding stock @ destination and incurring additional costs.

Documentary requirements (import)

- Bill of lading.
- Commercial invoice.
- Packing list.
- Packing declaration – this is completed by the supplier & confirms for AQIS what type of packing materials have been used.
- Fumigation certificate – only necessary if some of the products are made from wood, or if the goods are packed into crates (ISPM15).
- Certificate of origin (COO).
- There needs to be a numerical link between the documents, usually the commercial invoice number is used for this purpose.

Import customs clearance process

- Copy documents received from supplier/agent, must be legible to be accepted by the customs broker.

- Once full set of documents received, the commodities are classified by a complier (or broker), and then the customs entry is submitted to Australian Customs for their assessment.

- 10% of all imports into Australia are randomly selected for screening, or “border held” and sent from the port for x-ray. Some commodities, or suppliers are specifically targeted by Customs/AQIS and inspected.

- Changing your customs broker will result in your next 4-5 shipments being targeted by Customs & assessed.

- Documents lodged after the vessel berthing in Australia will result in the shipment automatically going “red-line” and shipment being held.

Import customs clearance process

• Containers delayed by customs at the port beyond free time (3 days) will be granted additional free time, as long as the documents were lodged prior to vessel berthing.

• If there is a problem obtaining documentation from the supplier, goods can be moved “underbond” from the port to an approved facility helping the importer avoid paying wharf storage.

• The flow of documentation can vary depending on the purchase terms between the importer & supplier.

• Some advantages of FOB over CFR are greater visibility/control of shipment status, control over documentation.

Export procedure

- Forwarder secures space on required vessel.

- Transport/container loading scheduled by carrier/forwarder.

- Documents provided by shipper (commercial invoice/packing list).

- Export reported to Customs & EDN number issued, and PRA lodged to enable the container to be delivered to the port.

- Once vessel departs, the carrier can issue their bill of lading – original, or express release depending on the shipper/consignee request.

- Documents are sent to the consignee so that pre-clearance can begin.

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Question time