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# More thoughts on the future of conferences

I read with interest the well-written and well-researched article by Stuart Hetherington published [by *Lloyd's List Australia*] on January 29 this year entitled "Is this the end of the line for shipping conferences?"

I would like to make two observations that will add to rather than detract from the quality of the article.

Firstly, the UN Code of Conduct for Liner Conferences agreed in 1974 contained a contentious article that determined the share of trade carried by a conference between two countries.

According to the convention, it shall be shared equally by each group of national lines involved except where there are third country shipping lines and they will have the right to carry a significant share, such as 20%.

There was subsequent agreement in Brussels that EU members would not apply this clause at least as far as their national lines were concerned.

Australia did not ratify the convention preferring commercial negotiations to determine the trade shares of individual conference members.

Secondly, the first review of Part X of the *Trade Practices Act, 1974* was conducted in 1977 by a senior officer of the Department of Transport, Ian Grigor assisted by Professor Trevor Heaver from Canada.

They recommended continuation of the limited exemption from sections of the anti-trust provisions with some amendments to improve the effectiveness of Part X but the really interesting conclusion was that Part X set out in some detail a code for the application of government policy to international liner shipping serving this country.

The question remains to this day, if Part X is repealed, amongst the other serious downsides so eloquently set out in Stuart's article, who would determine the shipping policy affecting our container exporters and importers? Which minister would then be responsible?

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# Size of containerships likely to service our ports should not be exaggerated

I would like to comment on the article "Circumnavigating disaster: Australian coastal shipping is at the cross roads" by Sandy Galbraith which appeared in *Lloyd's List Australia* [February 5, 2015].

Whilst I whole heartedly agree with Mr Galbraith's view on the need for coastal shipping in Australia, I would like to make some comments on the article and in particular his comments on up sizing and port expansion.

There certainly is potential for a viable coastal shipping industry in Australia with spinoffs industries as outlined by Mr Galbraith and as demonstrated in a number of European countries.

However, it will need a concerted effort from all parties and particularly the unions, to negotiate in good faith and government (state and Federal) assistance will be required to bring this to fruition.

On the matter of up sizing the container fleet servicing Australia, I disagree with Mr Galbraith's suggestion that 8000 teu-plus vessels will be heading to Australia soon. The current average size of container vessels visiting Australian ports is ap-

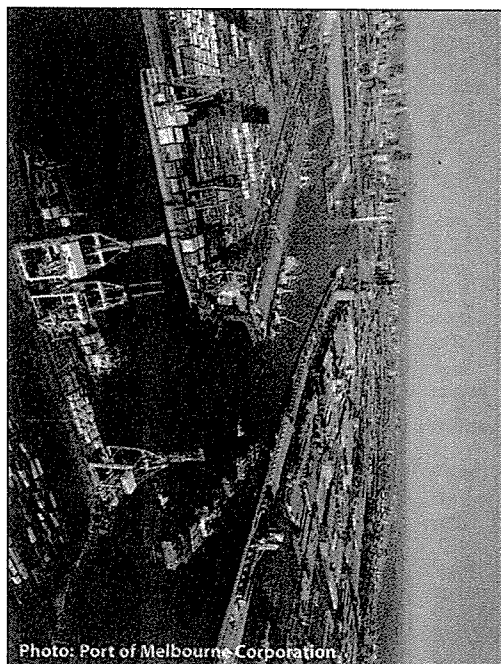


Photo: Port of Melbourne Corporation

proximately 4300 teu with the largest about 6000 teu.

Currently these vessels are only 60% to 70% full and are not subject to any draft or length restrictions. According to ISCL's research no shipping line has indicated that they are likely to employ 8000 teu or larger vessels on the Australian coast in the medium to long-term future.

Mr Galbraith's claim that the South American trade has up sized its vessels to 6700 teu and larger in the past years is not supported by recent comments from Maersk Line.

They are downsizing their container vessels which are serving South America to a range of 4500 to 6500 teu due to a declining market.

Australian container trade has also seen a decline in container growth over recent years from an historic 6% to 7% p.a. to a more sedate growth of 3% to 4% p.a. which is in line with a decline in Australian GDP growth.

I agree with Mr Galbraith that ports should not be replaced, however, some of the examples provided, such as the shift of trade from Singapore to Tanjung Pelapas were only

feasible because the involvement of the world's largest shipping line, Maersk (part owner of the container terminal in Tanjung Pelapas), and the fact that most of this volume was transhipment cargo.

In Australia, the situation is somewhat different. Not only do we have container volumes that are significantly lower than Singapore or Tanjung Pelapas, but most of the containers that transit through our capital city ports have origins or destinations within a radius of 60 to 70 km from the port.

Finally, whilst we should have planning horizons for ports in excess of 50 years it is no use "gold-plating" infrastructure by building ports that can accommodate vessels which we are never likely to see on our shores.

Moreover, now that most Australian ports are in private hands (or will be soon), the justification to fund these expansions will have to meet stringent guidelines about return on investment.

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