

10 September 2020

Bill Rizzi
NSW State Manager
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"KEEPING AUSTRALIA'S INTERNATIONAL TRADE MOVING"



FTA
FREIGHT & TRADE ALLIANCE



Australian Peak Shippers
Association Inc. (APSA)

www.FTAlliance.com.au

CC:

The Hon Andrew Constance MP – NSW Minister for Transport and Roads
Peter Achterstraat – NSW Productivity Commissioner
Geraldine Carter - Director Economic Strategy and Productivity Group, NSW Treasury
Susie Mackay - Executive Director Freight Customer Strategy & Technology Transport for NSW
Marika Calfas - Chief Executive Officer NSW Ports
Jonathan Lafforgue - General Manager Operations and Environment NSW Ports
Andrew Johnson – Registrar for Liner Shipping – Department of Infrastructure, Transport, Regional Development and Communication
Rod Nairn - Chief Executive Officer, Shipping Australia Ltd
Melwyn Noronha - General Manager Technical Services and Industry Policy, Shipping Australia Ltd
Australian Peak Shippers Association (APSA) Committee of Management

Via Email

Sydney Port Congestion Surcharge

Bill,

As discussed this morning, the Mediterranean Shipping Company (MSC) customer notice released yesterday has sent outrage throughout the import, export and international freight forwarding sectors.

As outlined in the notice, the rationale for the surcharge is because MSC has faced congestion at the port of Sydney due to industrial action. If MSC's service providers are not performing (i.e. the stevedore) for whatever reason, it is our expectation that MSC be compensated by them rather than imposing a penalty (surcharge) on MSC's commercial clients.

Putting that aside, MSC is naturally free to adjust market rates and surcharges as seen appropriate and for commercial negotiations and ultimately agreements to be established with importers, exporters and freight forwarders. This is appropriate in a free, open and genuinely competitive market.

While there is clearly a risk that other shipping lines may follow the MSC lead (similar to how stevedores and empty container parks have followed each other in the massive and ongoing increases in Infrastructure Surcharge and slot booking fees) we trust that there has been no collusion between shipping lines and that alternate 'congestion surcharge' free options will be available for industry to make a decision for future transactions. We will bring this to the attention of the Australian Competition and Consumer Commission (ACCC) to monitor.

Our immediate concern lies with importers and freight forwarders that have containers in-transit due to arrive and those exporters committed to coming voyages.

The notice gives only 5 days' notice (now 4 days and counting) with a longer notice period for US (hopefully congestion would be resolved by 8 October when the surcharge applies for these trade lanes).

This surcharge imposed by MSC will have a significant impact on landed costs and will leave many out of pocket due to down-stream supply chain contractual agreements. We urgently request that MSC remove this immediate applicable surcharge from 14 September and provide industry with a minimum 30 days' notice on any price increase.

The MSC notice shows a complete disregard for the Australian trade sector and rubs salt into the wounds of a trading community already suffering with an economic downturn and operating via a port in total disarray with further blow-outs in operating costs caused by empty container parks being full, massive volumes of re-directions , staging / storage of containers and ongoing shipping line container detention fees (not to mention a myriad of growing unregulated surcharges by shipping line contracted parties).

If nothing else, perhaps this action by MSC has brought the underlying issues to a head and those in copy will take notice and take desperately needed action.

A handwritten signature in black ink, appearing to read 'Paul Zalai', with a stylized, cursive script.

Paul Zalai

Director, Freight & Trade Alliance (FTA)
Secretariat, Australian Peak Shippers Association (APSA)