Newsletter Date: January 2019

Great things in business **are** never done by one person. … anonymous

CARGO NETWORK INTERNATIONAL PTY LTD

INSIDE THIS ISSUE:

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a free trade agreement (FTA) between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Vietnam.

The CPTPP entered into force on 30 December 2018 for:

- Australia
- Canada
- Japan
- Mexico
- New Zealand, and Singapore.

The CPTPP will enter into force on 14 January 2019 for Vietnam.

The CPTPP will enter into force for Brunei Darussalam, Chile, Malaysia and Peru 60 days after they complete their respective ratification processes. This website will be updated to reflect the entry into force dates for each of these countries.

This Agreement is a separate treaty that incorporates, by reference, the provisions of the Trans-Pacific Partnership (TPP) Agreement (signed but not yet in force), with the exception of a limited set of suspended provisions. The 11 countries have a shared vision of the CPTPP as a platform that is open to others to join if they are able to meet its high standards.

Importers can sign-off on Certificates of Origin, however, they in turn assume responsibility for such claims.

There are also special provisions for cargo transiting through non-CPTPP countries.

eg: Cargo from Mexico or Canada routed through the USA will only meet CPTPP conditions if the cargo is routed as “bonded” cargo and remain as “bonded” cargo whilst in transit through the USA

Further details can be located on the Border Force website or the DFAT website.

Please contact our Customs section for any questions.

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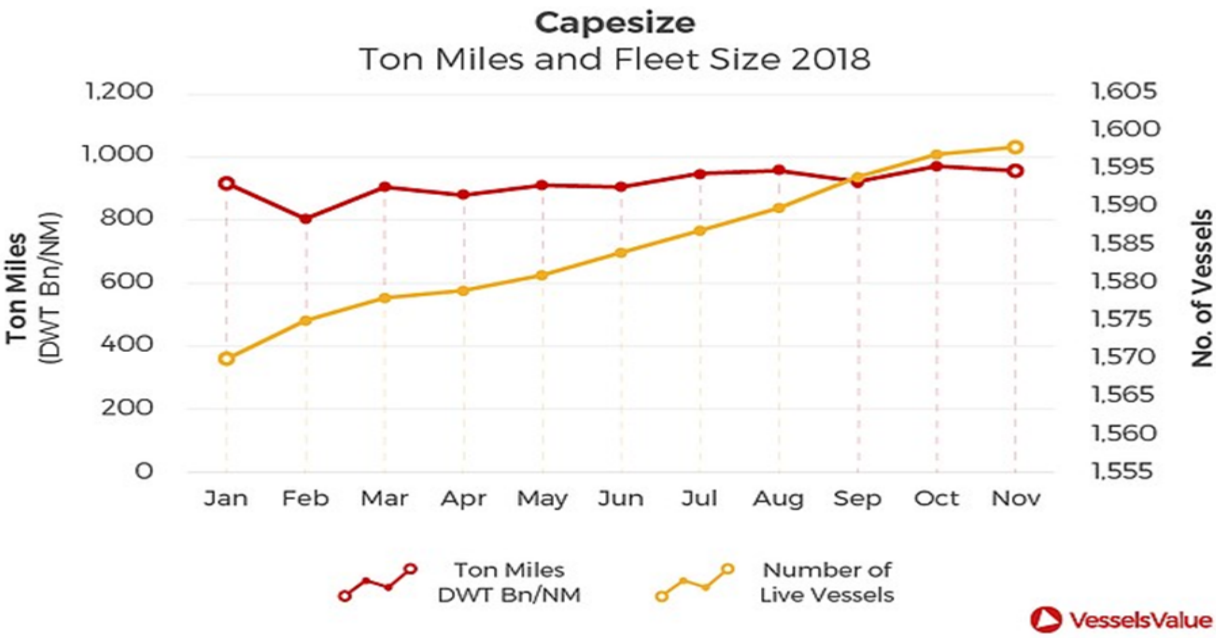
Three Key Ship Types to Watch in 2019

There are three major ship types to keep a close eye on in 2019, based on what has transpired this year. These include big-ship categories led by Capesizes, large LNG carriers and medium range (MR1) tankers, according to VesselsValue's trade analyst Court Smith.

CAPESIZES

The Capesize market has seen a surprising amount of volatility this year as the prospect of a trade war between the US and China has created market uncertainty for buyers of raw materials. The market took an unexpected dip in autumn as a result, which then disrupted what was otherwise a strong year for dry bulk ships.

In the third quarter of 2018, Capesize freight rates improved 52 percent year-on-year, somewhat against the odds, BIMCO said.



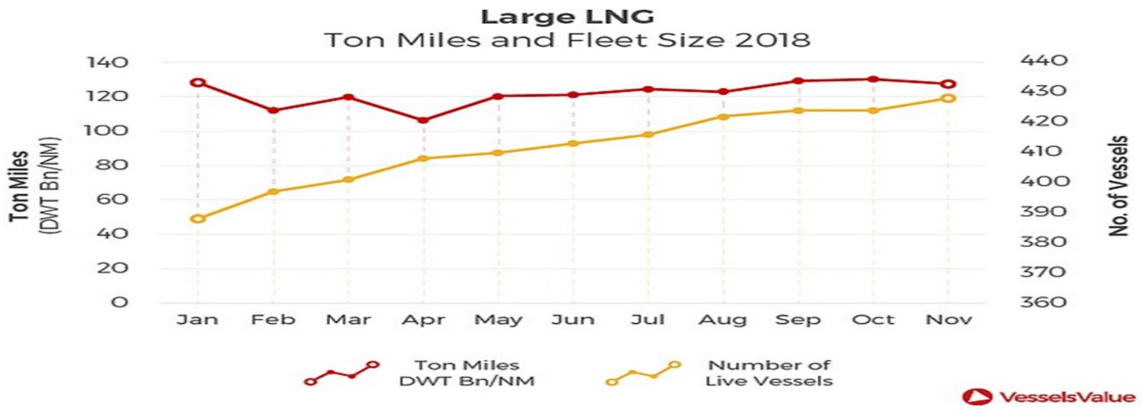
Large LNG Carriers

Smith believes the LNG market faces a more complex outlook. The global thirst for cleaner fuels has continued to increase and hire rates for ships remain near USD 200k/day.

The outlook for the next three years shows that a total of 91 mtpa of new LNG production capacity is expected to start up in 2018 to 2021.

Out of this, close to 50 mtpa of the new production is out of the US, which is expected to increase average sailing distances. On the demand side, shipbroker reports show that the current orderbook for LNG vessels above 100,000 cbm (excl. FSRU and FLNG) counts 93 vessels, of which 37 are potentially available for contract.

However, the LNG production scheduled to start up during the three-year period will most likely require more vessels.

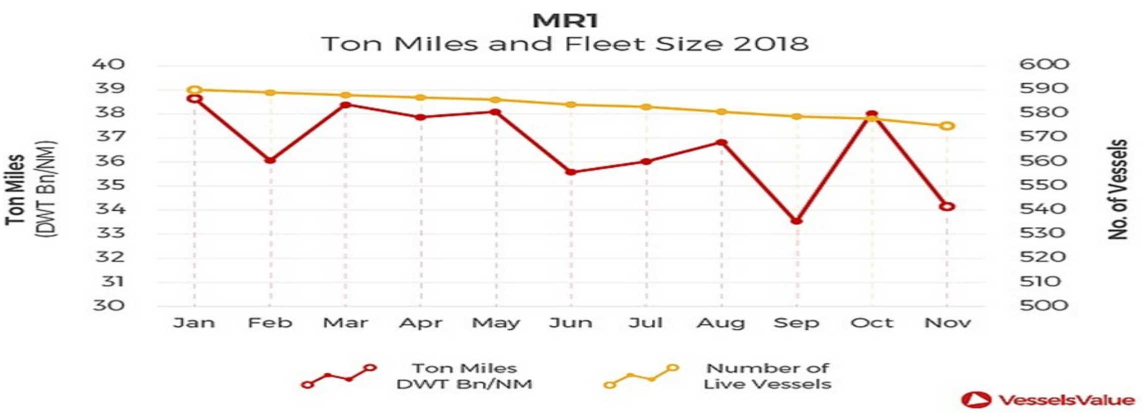


MR1 Tankers

The MR1 market appears to be structurally dropping after improvements in cargo volumes in 2016 and a steady 2017. The fleet size has started to contract though, which may help offset some of the drop in demand, Smith said.

As reported by BIMCO, earnings for product tankers moved up last month, and a little relief to the oil product tankers is expected in the final months of 2018.

On the supply side, eight MR orders have been placed at a South Korean shipyard since August. The estimated fleet growth for product tankers this year is 2.4% – the lowest level since 2012. In addition, BIMCO forecasts that 2019 fleet growth will remain fixed at 2.4%, with deliveries and demolitions both falling.



DAWR (Quarantine) - Brown Marmorated Stink Bug

The Brown Stink Bug measures continue to pose significant disruptions to imported goods.

Any vessel that tranships or loads goods from these countries are subject to special measures/requirements :

- United States of America
- Italy
- Germany
- France
- Russia
- Greece
- Hungary
- Romania
- Georgia

Japan (heightened vessel surveillance will be the only measure applied).

Break Bulk cargo (which included Flat Racks and Open Top Containers, must be treated off shore prior to Importation in to Australia.

Full Container Loads (FCL) and Less than Full Container Loads (LCL) can be treated on shore in Australia if it has not been possible to treat offshore . This of course has led to delays with additional costs incurred for container detention etc..

Just prior to Christmas, DAWR suspended a number of Treatment Providers in Italy leaving some Italian ports without a viable option for treatment purposes.

Due to the increased risk of infestation, DAWR has taken a very strong stance on this issue and DAWR has turned away a number of ships from berthing in Australia.

The Brown Stink Bug Season is due to finish 30April 2019. This means, vessel departing overseas Ports after the 30th April 2019.

Photo of residence in the United States of America

Australian Border Force Newsroom ...

WA illicit tobacco seizure

The 47,500 cartons of cigarettes seized at Fremantle in October 2018

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Anti-Dumping measures placed on PVC Flat Electric Cables from China

On 4 January 2019, with an effective date of 7 January 2019, provisional anti-dumping measures in the form of dumping securities (DSA) were imposed on PVC flat electric cables (PVC Cables) exported from the People's Republic of China (China).

On 4 January 2019, with an effective date of 7 January 2019, provisional anti-dumping measures in the form of countervailing securities (CSA) were imposed on PVC flat electric cables (PVC Cables) exported from the People's Republic of China (China).

The 'description of goods' subject to securities are — Flat, electric cables, comprising two copper conductor cores and an 'earth' (copper) core with a nominal conductor cross sectional area of between, and including, 2.5 mm2 and 3 mm2 , insulated and sheathed with polyvinyl chloride (PVC) materials, and suitable for connection to mains electricity power installations at voltages exceeding 80 volts (V) but not exceeding 1,000 V, and complying with Australian/New Zealand Standard (AS/NZS) AS/NZS 5000.2 (the Australian Standard), and whether or not fitted with connectors.

If you think any of your goods may be subject to these measures, please contact our Customs section

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Year of the PIG.

Chinese New Year starts February 5 .

Importers and Exporters need to be mindful of placing overseas orders and potential shipping delays that may be incurred due to Chinese New Year celebrations.