



## Your Specialist in:

- Import Freight
- Export Freight
- Customs & Quarantine
- Warehouse Storage
- Documentation
- Track and Trace

# February 2020

## Coronavirus update ...

In ongoing discussion with shipping lines / air lines our advice is constant with previous correspondence communicated to clients and customers.

A range of cities / provinces have held off return to work until February 24. That said, in discussion with one of our china partners yesterday they emphasised these dates are very fluid and could change as late as the morning of the 24<sup>th</sup>.

The situation at ports (sea and air) remains challenging to assess. Airlines and ocean carriers are continuing to review how to operate in this rapidly changing environment with unknown impact on flight schedules, sailings and capacities to and from China. The local governments have imposed stricter and additional requirements for work resumption. Companies need to demonstrate they have safety processes in place, equipped with sufficient hygiene consumable stock and fulfill on-going reporting and audit requirements.

Also, there are varying levels of local regulation and restrictions on the movement of people, which have an impact on the domestic supply chain capacities. The cancellation of flights and blank sailings, together with the stricter quarantine requirements enforced at an increasing number of ports and gateways will result in supply chain delays. Further, whilst all ports, with the exception of Wuhan, are operational there are congestion problems especially in Shanghai and Tianjin/Xingang due in the main to shortage of dockers so loading/unloading of vessels is slow.

Technology giant Apple warned that it would likely miss its March-quarter sales targets due to delays in Chinese production.

With Australian commodity demand partly driven by Chinese activity, Apple's warning was yet another negative for the Australian dollar.

*"...Freight rates are in free fall...:"*

*Cont. page 2*



### Inside this issue

Coronavirus.....	1
Coronavirus cont.....	2
Dangerous Goods .....	2
Asbestos .....	3
Illegal Logging .....	3
Excise.....	3

### Cargo Network International

- Australian Owned & Operated
- Established 1995
- Recognised Australian Trusted Trader

## Coronavirus update ... continued

A recent article in Financial Review by Ambrose Evans-Pritchard (International Business Editor of The Daily Telegraph, London) "**The dominoes are toppling through the whole chain**" looks at the impacts on the global supply chain with some interesting quotes;

*Lars Jensen, from SeaIntelligence in Copenhagen, said the loss of traffic was running at 300,000 containers a week. This would cause a logistical crunch in Europe in early March even if the epidemic is brought under control quickly.*

*"The dominoes are toppling through the whole chain. When ships don't leave port in China, they don't stop to pick up cargo in Hong Kong, Saigon, or Singapore either. Freight rates are in free fall," he said.*

*Mr Jensen said European factories were already feeling the shock. "The first hit is the auto industry as it has a very tight supply chain. Companies are having to airlift in supplies from Asia, which is extraordinarily expensive," he said.*

With the virus sweeping the globe, with cases in 48 countries, and growing alarms in Italy, Iran and South Korea, it is impossible to predict possible future implications.

CNI appreciates everyone's patience and understanding as the flow on effect is slowly crippling the air and sea movement globally.

## Dangerous Goods...



Before lodging any Dangerous Goods, please ensure the shipment complies with all packaging requirements (inside and out) from the Dangerous Goods Regulations to prevent any incidents throughout transit to the destination. All packaging must also match documentation.



### CNI Seizure:

A 33-year old Sydney man will appear in court after being found in possession of 34 imitation firearms earlier this month.

On Tuesday 11 February 2020, investigators from the Australian Border Force and detectives from NSW Police attended a business in Roseville to issue an infringement in relation to the prohibited importation of 71 imitation firearms, namely gel blasters.

While attending the premises, officers found the man was in possession of 34 gel blasters. Most of the items replicated military style assault rifles and machine guns.

Police seized the imitation firearms, as well as a range of other parts and gel pellets.



Asbestos & Illegal Logging Responsibilities -- two (2) of the great unknowns

No one disputes the need to protect our borders from Asbestos and asbestos related items, nor does anyone condone illegal logging activities as undertaken in some parts of the world.

There are a number of issues so let's chunk this down and discuss issue by issue.

1. Importers are directly responsible under Australian regulations. Without spelling out the various sections of the Acts, importers are responsible for any fees associated with determining the fact. This could be additional transport; additional unpacking; and testing fees in order to substantiate the fact. A worst-case scenario, is jail time, although this would be in severe negligent and/or criminal non-compliance breaches.
2. How would you know, as the importer, whether overseas goods do or don't have Asbestos? How would you know, or even your supplier for that matter, whether that wooden furniture OR those cardboard boxes, were originally harvested from an illegal logging activity?
3. What qualifies as sufficient evidence to substantiate the fact?

The responsibility rests with importers to provide a due diligence process.



## Excise—CPI adjustment

Imported alcohol, tobacco, fuel and petroleum products (including liquid petroleum gas (LPG), liquefied natural gas (LNG) and compressed natural gas (CNG) are subject to customs duty at a rate equivalent to excise duty. This is to ensure they're treated consistently with goods manufactured in Australia.

These imported goods are called 'excise equivalent goods' (EEGs). They're 'underbond' if customs duty has not yet been paid. EEGs can be used in the manufacture of excisable goods.

The ATO administers customs warehouses that keep EEGs. If those customs warehouses keep customable goods (that is, goods subject to customs duty) other than EEGs the ATO administers them as well as the EEGs.

As of the 3<sup>rd</sup> February, 2020, the EXCISE rates have been adjusted in accordance with the CPI indexation factor.

**Please contact our customs section for any details**