



CARGO NETWORK INTERNATIONAL PTY LTD
International Transport and Customs Brokers

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- Import Freight
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- Documentation
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May 2020

Indonesia Australia

Free Trade Agreement

The Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) will enter into force on 5 July 2020.

IA-CEPA creates a framework for Australia and Indonesia to unlock the vast potential of the bilateral economic partnership, fostering economic cooperation between businesses, communities and individuals.

Indonesia has been a growing market for Australian goods and services exporters. In 2018-19, total two-way trade in goods and services with Indonesia was worth A\$17.8 billion, making Indonesia our 13th largest trading partner. IA-CEPA will provide Australian and Indonesian businesses an opportunity to expand and diversify this economic partnership.

As one of the fastest growing economies in the Indo-Pacific, Indonesia presents a significant opportunity for Australian businesses. By some estimates, Indonesia will be the world's fifth-largest economy by 2030, and IA-CEPA ensures that Australia is well-placed to deepen economic cooperation and share in Indonesia's growth.

Australia's arrangements with Indonesia under the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) remain unchanged. While IA-CEPA builds on outcomes in AANZFTA, the two agreements will co-exist after IA-CEPA enters into force. Businesses will continue to be able to use AANZFTA.

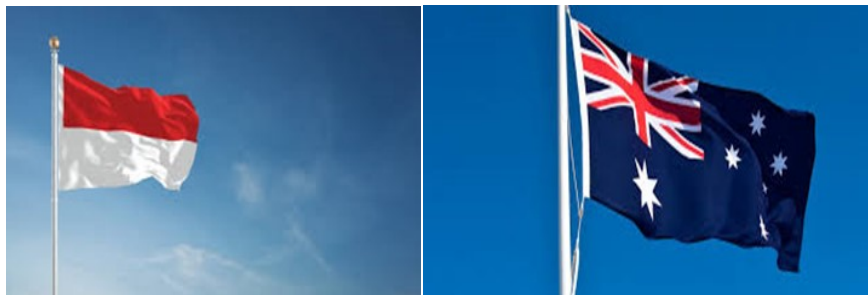


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Cargo Network International

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



Global Freight at a snap shot

Air Freight in general has taken “a mother of all-time hits” like nothing we have seen previously. The vast majority of general cargo transported by air freight is carried by passenger planes.

Quite simply, no passengers – no freight.

In general air transport, the major proportion of cost is borne by the passengers, and the cargo simply tops up the carrying capacity.

This is why we are now in the unenviable position the air freight that is still moving is costing from 5 to 8 times the “normal” price, as someone has to pay for the aircraft costs.

To illustrate the issue in context, we have summarised the airfreight traffic across some of the worlds major trade lanes.

All trade lanes are affected by Passenger flight cancellations.

Australia 80% to 90% capacity reduction

United States 50% to 60% capacity reduction

United Kingdom 80% to 90% capacity reduction

China 80% to 90% capacity reduction

India 80% to 90% capacity reduction

Japan 80% to 90% capacity reduction

France/Germany 90% capacity reduction

South Africa 90% to 100% capacity reduction

South America 80% to 100% reduction



General Economic Outlook

Europe

IHS Markit predicts that the virus-induced recessions this year will be significantly deeper than during 2008–09, across most of Europe. Policy responses to the shock have been stepped up recently on the fiscal and monetary sides. Although they will not prevent deep recessions in the near term, they can help to limit the scale of the spillover effects, avoiding a prolonged downturn by preserving businesses and jobs

America

IHS Markit does not expect GDP growth to turn positive until Q4 of this year, reflecting their view that economic activity will not begin to improve materially until new US cases of the COVID-19 virus are driven close to zero. Their latest forecast includes the recently enacted, roughly USD2-trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act. Real GDP is projected to decrease 5.4% in 2020.

Asia/Pacific

The pandemic has hurt trade and tourism in JP and resulted in a one-year postponement of the Tokyo Olympics. In response to the growing crisis, Prime Minister Shinzō Abe recently declared a state of emergency and announced a stimulus package of JPY180 trillion (roughly 20% of GDP). Two large obstacles could hamper CN's recovery: crumbling world demand for its exports and the hesitation of its government to provide massive stimulus. Stimulus programs amount to about 2% of GDP now, compared with 12% in 2009, which kept the economy growing during the global financial crisis.

Emerging Markets

Emerging economies are facing “the mother of all sudden stops,” triggered by massive outflows of capital (four times as big as during 2008–09). As a result, in the past three months many emerging markets, such as BR, MX, RU, & ZA, have seen their currencies crash by more than 20%. Because of these devaluations, the burden of foreign debt for emerging markets has risen sharply, leading to a wave of sovereign debt downgrades.

China slaps 80% tariffs on Australian barley

It's the trade dispute that has soured relations between Australia and China and threatens a \$500m a year blow to the Australian economy.

The official reasons for the tariffs stem from Anti-Dumping investigations China launched in late 2018 citing Australia's trading practices have “caused material injury” to China's domestic barley industry.

The Chinese government cite measures such as the Murray-Darling Basin infrastructure upgrades as a type of subsidy to Australian barley exporters.

An unusual claim when most of Australia's barley is produced in Western Australia.

This could drag on for years through a WTO appeal process.



Hey! Is there an upside to Coronavirus.?



The coronavirus pandemic has a lot of dark sides. Around the world, people are getting sick and many are dying, schools are closed, the healthcare system is overloaded, employees are losing their jobs, some companies are facing bankruptcy, stock markets collapse and countries have to spend billions on bailouts and medical aid. And for everyone, whether directly hurt or not, Covid-19 is a huge stressor shaking up our psyche, triggering our fears and uncertainties.

No matter how serious and sad all of this is, there are upsides as well. As the good old SWOT analysis tells us, there are not only threats, but also opportunities. With opportunities I don't mean that the crisis provides extra business for companies like Zoom and Go to Webinar that enable virtual meetings, or for Amazon, which is planning to hire another 100,000 employees. The latter is probably more a threat than an opportunity for most, especially for the average small/medium retail stores that are going through difficult times already.

With opportunities I mean general opportunities that are available for most people affected by the crisis. Here's just a few to consider:

More time

In today's hussle economy time is often seen as the most valuable and sparse thing we have.

Covid-19 shows why: because we have stacked our week with social gatherings and entertainment such as going to the theatre, birthdays, cinema, restaurant, bar, sport club, gym, music, festivals, concerts etc etc. Suddenly, all of that is cancelled or forbidden, giving us significant amounts of extra time. And still, life goes on. This shows us how easy it is to clear our calendars. Obviously, this doesn't apply to the health-care sector and other crucial sectors, but beyond those it applies to a large majority of us.

The opportunity is that we can spend this time on other things—or even better, on nothing and enjoy the free time. Looking at the crowded parks, waste collection points, garden centres and DIY stores in the last week, many people seem to have a hard time with the latter. Instead of enjoying the extra free time, they fill it immediately with other activities. To seize this first opportunity though, re-arranging how you spend your time and reserving time for nothingness is key. Not just during the crisis, but also after it.

Speed and innovation

Many organisations suffer from slow procedures, complex bureaucracies and rigid hierarchies making organisational life less than pleasant. The coronavirus has forced many of them to break through these rigid systems and act instantly. Suddenly procedures can be skipped or accelerated, rules can be side-tracked and decisions can be made more autonomously without formal approval. As a result, instantly employees are allowed to work from home without direct supervision.

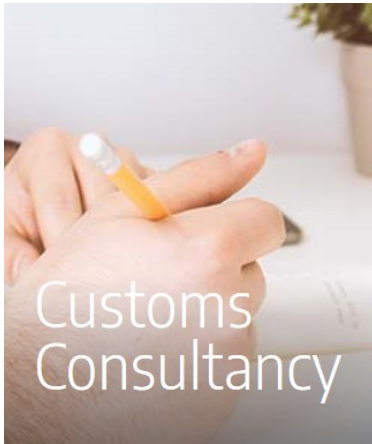
Covid-19 shows that, as soon as there is a strong enough stimulus, things can change. This brings the opportunity to create innovations now that can be maintained after the crisis. And it also can help to keep the current speed and innovation mode afterwards.

Reflect and reconsider

The fact that the coronavirus disrupts our day-to-day lives provides an opportunity to reflect on things and to reconsider what we do, how we do it and why we do it. Things we took for granted—like going to the gym—are suddenly not possible anymore. Furthermore, many people have had to change their mode of working and work from home instead of at the office. This means that a lot of our routines are interrupted.

This offers a great opportunity to rethink our habits and routines and make changes. The virus forces you to make changes to your daily life that you might actually want to keep also after the crisis.





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Cargo Network and Lateral Medical protecting Australian Health Care Workers

The Australian motto at present is “we are all in this together”. I am sure we can all relate to this one way or another, however due to our distancing regulations and being in semi-isolation ,it can be a little more difficult to place in to context the importance of our contributions in the big picture.

Cargo Network is proud to be associated with Lateral Medical who supply various goods directly to our Health Care sector.

Lateral Medical Managing Director (David Fenech) noted, “the key to supplying the health sector is a reliable and trustworthy supply chain. When the call came to urgently supply hospitals during the COVID 19 Pandemic with essential medical products our trusted manufacturers and freight forwarding service maintained continuity and customer satisfaction” .



Please stay connected to Cargo Network International (CNI) for up to date information on the International Supply chain and International Transport events.