

Stellar International update.

WAREHOUSE

As I am sure for those of you whom operate your own warehouses will be very familiar we needed to increase our pallet capacity whilst doing our utmost in maintaining much needed working floor area

Over two January weekends our warehouse staff worked considerable hours in the re-racking of the Stellar warehouse.

We replaced our “upright” frames

– increasing them from a height of 4 meters to 8.2 meters, and at the same time reduced our aisle width – from 3.1 meters to 1.9 meters. Thus increasing our pallet density by

some note (from 514 pallet bays to 1260). We were able to re configure the racking in such a way because of the investment of a new Bendi articulated forklift truck. The “Bendi” is a



specialist narrow aisle machine which can operate in 1.6 meter aisles! – very narrow indeed especially when you need to retrieve product on pallets over 8 meters above you.

We also confirmed the full time employment of Nick Apu. Nick has been with us on a part time basis for some 3 months but now joins the ranks of the fully employed. Congratulations Nick – welcome aboard.

OFFICE

It is with regret that Stellar International has lost the services of Luke Parkes. Luke had worked with us a number of years in the pressurised arena of customs clearance and facilitating local delivery.



At the same time we are very pleased to announce another new member to our team – Shelly Young. Shelly joins us in the Customer Services area working closely with Ryan, Jackie and the customs clearance team of Monica and Kylie. Shelly’s responsibilities lay in the placement and tracking of overseas orders as well as the odd export (just to keep her on her toes). Shelly is quickly “learning the ropes” and we are confident she will have a very positive impact.

Most of you are probably already aware – Kylie is back! Our first time mum (Kylie and Terry have had a baby boy – Jackson) Welcome back Kylie.



Welcome everyone – a belated “Seasons Greetings” to you all. Gosh it all seems so long ago now. I very much hope those of you fortunate enough to have had a holiday that it was enjoyable and that you are now all charged up and ripping into 2010.

As its now March already I thought no more excuses its time to put finger to keyboard and start sharing with you all what’s going on.



MURRAY LEA – MANAGING DIRECTOR

Stellar awarded Customs Controlled Area (CCA) Accreditation

After a lengthy process satisfying all HM Customs requirements Stellar International is pleased to inform that we now have an approved CCA warehousing area. Which means that Stellar can now hold goods that are under the control of Customs (uncleared cargo). How does this assist you?

For example – lets say you have goods on the wharf that can not be custom cleared – no documentation perhaps. Stellar can now “transfer” your product from wharf / airport or unpack station and hold them in Stellar warehouse saving you considerable storage expenses. There are many reasons during the course of business that this accreditation may become of use to you. Rest assured Stellar International is ready and able.

New requirements for imported sea containers effective 1 March 2010.

MAF Biosecurity has made a number of changes to the sea container import health standard. These changes came into law 01 March 2010. It is critical that the changes are fully understood.

WHAT HAS CHANGED?

1. If Quarantine Declaration requirements for loaded and empty sea containers have not been met MAF will classify them as "High Regulatory Interest" (HRI) and require a six-sided inspection on arrival. Currently a four sided inspection is required for containers that do not comply.
2. The introduction of a "12 hour rule" for submission of sea container information. Import entries for full containers loads, MAF Biosecurity Authorisation Clearance Certificate (BACC) applications must be submitted no later than 12 hours BEFORE the estimated time of arrival (ETA) of the vessel.

NON COMPLIANCE of the new rules.

You all need to be aware of the following.

ADDITIONAL COSTS and delays will be incurred where customs brokers / importers fail to submit their import entries / BACC applications 12 hours before vessel arrival. Costs will include additional MAF charges for document processing and associated clearance of containers.

MURRAY'S PERSONAL NOTE

Under the current system, importers send their declarations to Customs (usually thru their nominated broker) whom in turn pass a copy to MAF. If the Quarantine inspectors decide that they need more information about a container they place a "hold" on the container (this is done electronically) and the importer then (through their broker) needs to take further action to gain full clearance. THE VAST MAJORITY OF CONTAINERS POSE NO RISK AND ARE RELEASED IMMEDIATELY. The new system "12 hour rule" will work in the same way except that if the importer fails to lodge his customs clearance (through their broker) 12 hours before the vessels arrival in port then the containers will be placed on hold (done electronically) even if they are (or wouldn't have been) not considered to pose a biosecurity risk. This could result in importers being charged \$100 per hour plus fees!!! I do not for one minute believe MAF resources are anywhere near the capacity needed to make this system work in the immediate future. I predict the possibility of the following happening.

1. There will be an "increase of risk" shipments with many officers being diverted from biosecurity work to punitive inspections of NO RISK containers.
2. Containers will "clog up" hub ports such as Tauranga and Napier
3. There will be an outcry from importers whom will have to pay hefty fees to MAF and incur demurrage and container detention costs.



“ THE VAST MAJORITY OF CONTAINERS POSE NO BIOSECURITY RISK AND ARE RELEASED IMMEDIATELY. ”

Import ocean freight market

Whom has ever experienced no reduction or softening of rates from their pre Christmas peak by March the following year?

Well that's exactly what's happening in 2010. In fact I have been told of a coming GRI (General Rate Increase) effective 16 March of USD100 / TEU (20' FCL). This on the

southbound Asia trade lane and only one ship line thus far. If anything this reinforces the fact that far from considering rate reductions they (the shipping lines) are contemplating rate increases. Difficult to get your head around – but you may recall my previous explanation that the ship lines took away some 33% of space capacity (basically parked up the vessels – or returned leased ships as surplus to requirements). This is still having what I consider a negative impact on the market and explains why vessels remain full southbound.

Europe import sea freight increases from 1st April 2010

Almost all shipping lines have indicated their intention to increase sea freight rates from 1st April 2010.

The increases have yet to be confirmed but indications are USD 150.00 (EUR 100.00) to USD 250.00 (EUR 150.00) per TEU (20' FCL) (double for a 40' FCL).

Of course should these increases proceed LCL rates will experience proportional increases of approximately USD 9.00 (EUR 6.00) per w/m.

Service enhancement – Sydney to Auckland

Stellar is pleased to advise we are now able to offer an improved service ex Sydney to Auckland for LCL cargoes.

We now offer twice weekly sailings from Sydney – cargo cut offs are every Tuesday and Thursday.

Export ocean freight market

Space remains very tight. I have received an unusual number of inquiries from exporters asking if we can find space. A request I am happy to say we have thus far been able to assist with BUT its been very hard work and a couple of instances were “touch and go”. Trans Tasman trade lane has been easier on us but US, Asia and Europe space has definitely tight. I spoke to one ship line whom simply were not taking any bookings until late April!

If you have export orders please be in contact as soon as possible so we may start work on confirming your booking space.



Air freight market in general

Air freight is very stable when compared to the present sea freight environment. We are experiencing no off loads, no notable increase / decrease in rates. This is pertinent for both import and export cargoes.

In fact there is very little to say in regard to this market.



STELLAR INTERNATIONAL LTD

113 Pavilion Drive
Airpark II, Auckland Airport
PO Box 59 264, Mangere Bridge
Auckland 2151, New Zealand

T +64 9 275 5066
F +64 9 265 0015
E murray@stellarint.co.nz
DDI +64 9 255 1930
M +64 21 758 845
www.stellarint.co.nz