Orbit
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NEWS & VIEWS FROM THE WORLD OF STELLAR
stellar INTERNATIONAL

Good Day Everyone;
Thanks for taking the time out to read my brief. I can't help but feel repetitive. Alas for the life of me I can not think of another way to announce it. Increase, Increase, Increase!

MURRAY LEA – MANAGING DIRECTOR

"INCREASE INCREASE INCREASE!"

That's pretty much what the ship lines are dictating for shipments originating ex North and South East Asia (if not the world).

GRI (General Rate Increase) of **USD250 per TEU** effective 15th July 2010
RR (Rate Restoration) of **USD250 per TEU** effective 15th August
PSS (Peak Season Surcharge) of **USD250 per TEU** effective 15th September

The above tabled increases have been agreed upon by the member shipping lines of the Asia New Zealand Discussion Agreement (ANZDA). They will be applicable to all shipments with origins in Japan, Korea, China, Taiwan, Hong Kong, Singapore, Indonesia, Philippines & Vietnam to NZ.

LCL (shipments Less than a Container Load) will proportionally see increases as well.

Presently the ship lines are in a position of solidarity in regard to any initiative that increases their revenues. Now don't get me wrong! I am not taking the side of the shipping lines – but they did take a hammering last year, (an example would be CMA CGM – the French line – in debt to the tune of US$5.3 billion and a large order book they can not renege on). But honestly how much can the "market" take I wonder?

My personal hope is that come 2011 we will look back on 2010 as being the worst shipping environment and that in 2011 we will see some improvement.

I'm sorry but I just do not hold much hope that 2010 is going to be any good – shipping wise. I base this negativity on the following:

World container volumes have increased over last year. Shipping lines have not made available any additional tonnage (extra vessels) since the beginning of the world recession when some 30% of vessels were removed or taken out of service. Last year we saw space or slot issues, therefore 2010 can only be expected to be at least as difficult, and it is already more expensive.

It has been brought to my attention that there is another concern; personally I just can't imagine this will seriously affect the NZ trade however it is being talked about ever increasingly. That is the risk of container shortages. Some of you will be aware how difficult it can be to source "special" equipment such as HC's (High Cubes), Flat Racks, Open Tops etc but never have we had trouble sourcing GP (General Purpose) containers. The situation goes something like this. When the global crises hit nobody wanted to order new container stock, world trade was significantly reduced and there was nothing to put in the new containers being built. Ship lines repatriated containers being held in "stacks" or long term "storage" e.g old "dungers" that previously would have been surplus to requirement. Also adding to this was the advent of what is termed "slow steaming" which means more containers spend more time aboard ship.

As containers are on the water longer they are recycled more slowly and therefore the worldwide stock of boxes gets spread more thinly. In recent months world trade has re-bounded outpacing the ability of the lines to replenish or source new equipment. I am told ship lines have now initiated the production of new stock and procurement through the leasing of new containers.

Hopefully this potential crisis will not realise its potential.

Charlotte Maersk blaze extinguished after 11 days

Perhaps a timely reminder to those of you whom do not insure your precious cargoes. Bad things can happen . . .

A fire involving 150 containers on board the Charlotte Maersk, which started on 7th July was finally extinguished Sunday the 18th July. The 8200 TEU container vessel was approaching Port Klang Malaysia at the time. At the height of the blaze 150 containers were burning at temperatures approaching 1,000 degrees Celcius, which made it almost impossible for fire fighters to get close enough to put the fire out.

We have to get a "plug" in here. Stellar International does offer cargo insurance are very competitive rates. Please inquire for details.

NZ economic recovery – real or not?

Some interesting statistics I recently read about the NZ economic recovery.

THE POSITIVE

- Car registrations in the June quarter were ahead 35% from a year earlier and 0.5% roughly seasonally adjusted from the March quarter.
- Commercial vehicle registrations in the quarter were ahead 16% from a year ago and 11% seasonally adjusted from the March quarter.
- Farm sales in the June quarter were ahead 6% from a year ago and around 25% seasonally adjusted from the March quarter.
- The number of consents issued for the construction of new dwellings was up 28% in the 3 months to May from a year ago and 5% from 3 months earlier seasonally adjusted.
- GDP product in the quarter was 1.9% ahead of a year earlier and up 0.6% in the quarter.
- The NZ economy is now almost 2% bigger than its smallest size reached during the recession – March quarter of 2009.

THE NOT SO POSITIVE

- Car registrations in the June quarter were 15% below average for the past 6 years
- Commercial vehicle registrations in the June quarter were 31% below average.
- Farm sales in the quarter were 45% below average.
- Dwelling consents in the 3 months to May were 28% below average.
- In March the GDP was still 1.6% below the peak of December quarter 2008.

I wonder if this is why they are saying that we are recovering but it does not "feel" like it?

Customs and MAF Increases

Effective 1st July the NZ Customs Service will start collecting a new "Biosecurity Levy" of $12.50 per shipment on behalf of MAF.

This fee will be added to their own CIT – Customs Import Transaction Fee. The Customs Service advises that the GST increase from 12.5% to 15% on 1st October will apply based on the actual date of arrival of the goods – not the date when they are cleared through customs. If the goods are cleared in September but arrive in October, the rate will be 15%. Conversely, if the goods arrive in September but are cleared in October, the rate will be 12.5%.

The increase & introduction of the MAF fee will lift the ITF (Import Transaction Fee) to $37.25 per import clearance.

MAF abandons the 12-hour rule

MAF have decided not to enforce a rule designed to punish importers who fail to make declaration 12 hours before a the ship arrives in port.

Some of you may remember my rare but much respected "Murray's Personal Note" within Orbit March issue (copy can be accessed through our website, click on "news") that this rule was doomed to failure.

All respect to MAF management for recognising this fact and acting appropriately.

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