



**February/March 2016**

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Welcome to the first newsletter for 2016, the year of the Monkey.

According to the experts international trade will continue to face some tough economic times in 2016 with flow on implications for Australian businesses of all sizes. This newsletter contains some important updates in relation to the use of the China Australia Free Trade Agreement and the upcoming introduction of container weight verification and more streamlined cargo reporting mid-year.

A note also to our clients that our Brisbane office will be closed on Good Friday (25 March), Easter Monday (28 March), ANZAC day (25 April) which falls on a Monday this year and Labour Day (2 May).

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**L.C. Loynes & Associates Celebrates 40 Years in Business**

This year L.C. Loynes & Associates is excited and proud to be celebrating 40 years in business. We think that this is an incredible achievement in the competitive market in which we operate. We would like to sincerely thank our valued clients and staff of today and those from the last 40 years.

40 years ago Les Loynes, our current Managing Director and past owner, left the company he was working for to set up his own Customs Brokerage and Freight Forwarding business. In those early days with a very young family and running the business out of home, Les drove taxis at night to supplement the family income. After a year Les moved the business to a small office on Annerley Road just around the corner from the current premises.

Ten years later and now employing 5-6 staff Les purchased a block of land on Lockhart Street and built the premises where the business still operates from today.

Between 1987 and 2012 the Company purchased four other like-minded businesses and today employs 22 people with a national client base and strong international network.

In 2007 two long standing employees Anna Szigetvary and Craig Beal purchased the business through a management buyout and have continued the same strong business ethos of a professional, customer focused boutique brokerage and freight forwarder.

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### **ChAFTA Update**

Teething problems have been experienced over the first couple of months since the commencement of the China Australia Free Trade Agreement (ChAFTA) on 20 December 2015. As has occurred with the introduction of other FTA's there have been issues with classification and/or certification for Certificates of Origin (CoO). While on the surface utilising the ChAFTA appears simple, the reality is that demonstrating compliance can be quite complex. Adding to the difficulty has been the slow response to queries by the Department of Immigration and Border Protection (DIBP) who have been unable to deal with the volume of queries received.

These delays have implications for importers wishing to utilise the new duty rates associated with the FTA. If a CoO (that has not been approved) is used to access a preferential duty rate and is at a later date rejected by the DIBP, the importer will be required to pay unpaid duty and may possibly be subject to a fine as this would be considered an infringement.

If duty is paid, and a CoO is subsequently approved, the importer will be eligible to apply for a Duty Refund.

As Customs Brokers we must practice due diligence at all times in our service provision to our importing clients, ensuring that Certificates of Origin and classification of imported goods comply with Australian regulatory requirements and the rules of the FTA.

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### **Trade and Investment Minister Robb Signs Historic Trans Pacific Partnership (TPP)**

The historic TPP – which will see the elimination of 98 per cent of tariffs among 12 countries – was formally signed by Trade and Investment Minister Robb on 4 February 2016 in Auckland. The signatories are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Vietnam.

The TPP is the world's most significant trade and investment agreement finalised in more than two decades, with member countries accounting for around 40 per cent of global GDP.

Australia's exports of goods and services to these countries were worth \$109 billion last year – a third of Australia's total exports. Tariffs will be eliminated on US\$9 billion of Australia's dutiable exports to TPP countries, including \$4.3 billion worth of agricultural goods with new levels of access for beef, dairy, sugar, rice,

grains and wine. A further \$2.1 billion of Australia's dutiable exports will receive significant preferential access through new quotas and tariff reductions.

Also on 4 February, Trade Ministers from Australia and 11 other countries issued a joint statement welcoming the TPP as an agreement that sets a new standard for trade and investment in one of the world's fastest growing and most dynamic regions.

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### **Update on Container Weight Verification Effective July 2016**

As we mentioned in our last newsletter there are still a number of issues that industry are discussing, associated with weighing containers or calculating accurate weights of export containers, before guidelines are finalised and implemented on 1 July 2016.

#### **Background**

The International Maritime Organisation (IMO) have adopted the amendments to the Safety of Life at Sea (SOLAS) Convention, essentially enacting verified actual gross mass (VGM) as a global law. These laws are about safety at sea. Accurate container weights are essential for ship stability, stowage and securing calculations, and ultimately a safe voyage for ship and cargo.

Initially two methods were prescribed for obtaining the verified container weight:

1. Weighing the whole container and its contents once packed;
2. Weighing all contents including pallets, dunnage and other packing and securing material separately, and adding the tare mass of the container, and then having this weight certified by a national regulatory body.

At this stage however there is still a fair degree of uncertainty about how this will work in practice. An industry working group is meeting later this month to discuss this and our Company has a representative on that committee.

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### **Customs Update - Streamlined Cargo Reporting on the Horizon and Importers Face Massive Fines for Unpaid Duty**

Ongoing discussion by the Streamlined Arrangement for Clearance, Reporting & Movement of Cargo sub-committee, has resulted in a move toward consolidated cargo reporting where multiple suppliers can be included on a single import declaration. For Air/LCL it is anticipated that this will start in June 2016.

What this also means is that with less Import Declarations being generated there will be a reduction in the amount of import fees (Import Processing Charges – IPC) collected by the Government. It is therefore highly likely that an increase in the IPC will follow.

Also on the Customs front a reminder of the risks of false declarations in relation to the value of goods for duty purposes. Last year three individuals who attempted to evade duty received fines equal to double the amount of underpaid duty, plus the Commonwealth was entitled to keep the goods. This meant that the cost of deliberately avoiding duty was 26 times the underpaid duty. Where the duty was \$7000, the penalties were approximately \$175K.

While most people don't set about to deliberately evade duty, the penalties are particularly harsh where duty is underpaid and highlights how important Customs compliance is to business whether they are large or small.

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### **Shipping Wooden Packaging Material to Brazil**

All Bill of Ladings processed from 1 February 2016 by Brazilian Customs will require declarations associated with wooden packaging details and state whether the wooden packaging is:

- Wooden Package : Not applicable (Not used)
- Wooden Package Used: Processed
- Wooden Package Used: Treated/Certified
- Wooden Package Used: Not Treated/Not Certified.

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### **Worldwide Downturn for Container Freight**

A grim outlook for worldwide shipping has been predicted by experts with a number of recent media articles discussing the downturn. There are a number of factors contributing to the slump in international container freight shipping including surplus ship capacity, price wars, alliance reshuffles and weak economies.

There are expectations within international trade that the current downturn in container shipping could last for several more years.

What this means is that there will be continued downward pressure on freight rates as shipping companies attempt to fill capacity, which is at least a positive for importers and exporters.

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### **Shipping Charges and Announcements**

*Korea, China, Taiwan & Hong Kong to Australia*

- A rate restoration of US\$300/20' container and US\$600/40' container has been announced for 1 March 2016 between Korea, China, Taiwan and Hong Kong and Australia.

We are continually active in sourcing the best available rates and services for our clients.

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### **New Staff Welcome**

In this newsletter we want to take the opportunity to welcome two new staff to L.C. Loynes & Associates.

Brian Booth started with the Company in November last year in the role of Manager – Project Services, and Rhondda Baty has joined the team only this month (February) as our Manager – Client Services.

They both bring a wealth of experience to their respective roles and a fresh approach to these two areas of our business.

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### **Chardy Cooked It! Pumpkin, Spinach & Pine Nut Salad**

## Ingredients

- 600g butternut pumpkin, deseeded, peeled, cut into wedges
- 2 teaspoons olive oil
- 2 teaspoons honey
- 2 teaspoons sesame seeds
- 1 tablespoon fresh lemon juice
- 1 tablespoon honey, extra
- 2 tablespoons extra virgin olive oil
- 2 tablespoons wholegrain mustard
- 150g baby spinach leaves
- 75g toasted pine nuts

## Method

1. Preheat oven to 220°C. Line a baking tray with paper. Place the pumpkin in a large bowl. Drizzle with oil and honey. Season with salt and pepper. Gently toss until the pumpkin is well coated. Place in a single layer on the tray and bake, turning once, for 25 minutes or until golden brown. Remove from oven and sprinkle evenly with sesame seeds. Return to oven and bake for 5 minutes or until the seeds are lightly toasted. Remove from oven and set aside for 30 minutes to cool.
2. Combine the lemon juice, extra virgin olive oil, mustard and extra honey in a screw-top jar and shake until well combined. Season with salt and pepper.
3. Place the pumpkin, spinach and pine nuts in a large bowl. Drizzle with the dressing and gently toss until just combined. Serve immediately.

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