Shippers form pact to save costs

Nevil Gibson

Shipping arrangements between New Zealand and China are unlikely to be affected by a major new development in the industry.

A proposed three-way tie-up among three large shipping companies, Maersk Line, MSC Mediterranean and France's CMA CGM, was vetoed by Chinese authorities because many Chinese and smaller shipping companies felt they would be squeezed out of key routes..

However, two bigger companies, Maersk and MSC, came back with a new proposal for a two-party deal known as the 2M. This 10-year, ship-sharing pact will still deliver at least some of the cost savings that participants hoped to get out of the three-way merger, known as the P3 alliance.

The 2M extends to trans-Atlantic and trans-Pacific as well as Asia-Europe routes. Mærsk and MSC say the 2M deal won't involve co-ownership of ships and shared logistics, pricing, marketing or customer services that were part of the P3 plan. The 2M pact is expected to start in early 2015.

Maersk Line New Zealand managing director Gerard Morrison says the new agreement is a long-term vessel sharing agreement as opposed to the more detailed and operational P3 tie-up.

"The big difference is that the P3 was going to be run by a separate network centre whereas the 2M is simply a long-term vessel sharing agreement similar to any other sharing agreement," he says.

This will means for more options for New Zealand cargoes, he adds.

"Cargo that leaves New Zealand for the Malaysian hub at Tanjung Pelepas in Johore, Malaysia, will have more port calls that weren't on our network before" Mr Morrison says. "It gives us access to MSC ports but not CMA's."

He says the 2M is also an effort to address profitability concerns on the East-West trade in the northern hemisphere but will have a limited impact on New Zealand cargo as it's not an agreement with MSC in New Zealand.

"While it gives customers more options beyond Tanjung Pelepas it doesn't change the way we move cargo there from New Zealand."

Maersk recently announced its involvement in a 10-year alliance with Kotahi on larger 6500-container ships as well as a new rotation for its Northern Star and Southern Star services.

ngibson@nbr.co.nz

World's largest online marketplace

In May, New Zealand Post and China's largest online trading website, Alibaba, briefed more than 400 local companies on how access that country's huge online market.

Alibaba, which is due to list on the New York Stock Exchange in September with a value of $US130 billion, operates sites including Tmall, Taobao Marketplace and Tmall Global, which is for overseas users.

New Zealand suppliers are already on them selling products from live seafood to kiwifruit at prices that are often at or below the cost of what they would be charged in Chinese supermarkets.

New Zealand Post's general manager customer solutions marketing and strategy, Sohail Choudhry, says the company is establishing an online store on Tmall to enable New Zealand business to list and trade on the platform under a cost-share model.

"To make it easy for the New Zealand businesses, New Zealand Post's service offer will include the online digital services, customer support in China, third part logistics and international shipping," he says.

"We will be operating a three-month pilot with selected New Zealand brands from the end of September. After Christmas, we aim to expand the Tmall store service to the wider market.

"In addition, New Zealand Post is exploring a B2B [business-to-business] channel for New Zealand business to sell to China with Alibaba."

Alibaba has more than 230 million users every day – making it the largest in the world and bigger than eBay and Amazon combined – and its online sales increased by 600% last year.

Chinese consumers, especially those who live beyond Beijing and Shanghai, lack access to high quality, fresh and nutritious imported food products. Tmall.com enables suppliers from around the world to tap into that unmet demand.

Mr Choudhry says business-to-consumer growth is faster than the consumer-to-consumer growth and the share of online retail keeps trending up.

"All these will favour the Tmall Global sellers who wish to enter the market place via Tmall Global. Sending products directly from overseas provides the Chinese consumers extra assurance for product authenticity via a reliable supply chain service."

– Nevil Gibson

Product testing eases trade

Llew Richards

More than two-thirds of New Zealand's exports rely on accreditation to ensure they will be accepted in overseas markets. From mechanical testing to scientific results to microbiology, the laboratories that do this work must be accredited to demonstrate they are competent at what they do.

Accreditation is a feature of New Zealand's trade agreements with China, Hong Kong and Taiwan as well as with other markets. It is also the basis of technical acceptance between Australia and New Zealand and is the basis for the 1999 agreement between New Zealand and Europe.

Test results from New Zealand provide immediate EU market access, through CE marking, for goods such as electrical, electronics, radio, telephone terminal equipment and simple pressure vessels. Recent changes to the agreement will soon allow a significant number of other products to be added.

China's deregulation has seen greater use of accreditation. International Accreditation New Zealand (IANZ) has a good relationship with the Chinese accreditation body, CNAS, and is looking to expand this further.

Without that accreditation, customers cannot be sure the goods they buy are up to standard. Any loss in confidence in the standard of New Zealand products has major implications for all exporters. And the benefits for New Zealand trade in advancing its international accreditation reputation are substantial.

In simple terms, the role of IANZ is to "test the testers." A range of factors are covered during assessments, including the competency of staff, calibration of equipment, the integrity and traceability of measurements and materials, the validity of methods and results, and the overall management systems of testing organisations.

In the dairy industry, for instance, New Zealand exports to more than 150 countries. Each country has its own regulatory requirements which, in some cases, are unique. Access to these markets frequently requires testing products in an accredited laboratory.

IANZ doesn't just assess others, though. It's under scrutiny itself. To ensure test reports from New Zealand can be accepted globally, IANZ is evaluated by the International Laboratory Accreditation Corporation (ILAC). The vision of ILAC is "tested once, accepted everywhere" – which is critical in facilitating exports from New Zealand.

ILAC established a global mutual recognition arrangement (MRA) in 2000 to assist trade. Under this, accreditation bodies like IANZ must be evaluated every four years to ensure they comply with international standards.

Due to the rapid increase in the number of ILAC signatories, accreditation has become the norm for regulators needing assurance of competence. As a result, many trade agreements now specifically rely on accreditation (and the ILAC MRA) as the basis for removing technical barriers to trade.

Llew Richards is chief executive of IANZ

SEE MORE www.ianz.govt.nz