

AUSTRALIAN GOVERNMENT TO OVERHAUL COASTAL CABOTAGE REGIME



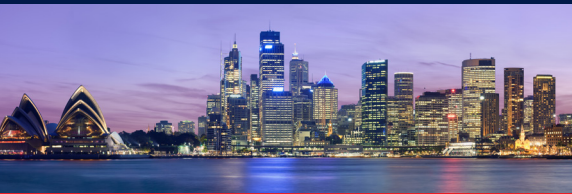
In an interview with *The Australian* newspaper yesterday (Wednesday 17 September 2014), Australia's Deputy Prime Minister and Minister for Infrastructure and Regional Development, Mr Warren Truss, indicated that there will be a streamlining of the cabotage regime introduced under the previous (Labour) Government's coastal shipping reforms in order to introduce greater flexibility for the carriage of cargo around the Australian coast on internationally flagged vessels.

As had been predicted by many industry stakeholders prior to the introduction of the current regime, the cumbersome and restrictive nature of the coastal licence application process has caused a substantial escalation in domestic shipping costs resulting in several industries electing to import their raw material rather than sourcing from Australian producers. In addition, the restrictive nature of the licence regime has virtually eliminated the opportunity for traders to take advantage of spot trading opportunities that arise when suitable international flagged tonnage is available to perform unplanned shipments. In

this regard, there has also been criticism of the requirement to apply for licences in blocks of five in circumstances where some shippers may only have a requirement for two or three coastal voyages a year.

Whilst an assurance has been given to reduce the red tape and ease the cost of coastal shipping, details of how the current regime is to be wound back have yet to be provided and the Government may face difficulty in getting its proposed overhaul through Parliament as a result of not having control of the balance of power in the Senate. It is also reasonable to assume that the proposed changes to the regime will be strongly opposed by some elements of the maritime unions.

As the operation of internationally flagged vessels on the Australian coast involves consideration of Australian customs, taxation and immigration issues, it will be interesting to see the details of how the proposed reforms are to be implemented and we will keep you informed of any further developments with the rolling out of the Government's policy.



For more information about shipping issues in Australia, please contact:

Hazel Brewer
Partner, Perth
T: +61 (0)8 9422 4702
E: hazel.brewer@hfw.com

Robert Springall
Partner, Melbourne
T: +61 (0)3 8601 4515
E: robert.springall@hfw.com

Gavin Valley
Partner, Melbourne
T: +61 (0)3 8601 4523
E: gavin.valley@hfw.com

Nic van der Reyden
Partner, Sydney
T: +61 (0)2 9320 4618
E: nic.vanderreyden@hfw.com

Stephen Thompson
Partner, Sydney
T: +61 (0)2 9320 4646
E: stephen.thompson@hfw.com

HFW's Australia offices are part of an international network of 13 offices in 11 countries. For more information about shipping issues in other jurisdictions, please contact:

Paul Hatzler
Partner, Hong Kong
T: +852 3983 7666
E: paul.hatzler@hfw.com

Dimitri Vassos
Partner, Piraeus
T: +30 210 429 3978
E: dimitri.vassos@hfw.com

Paul Dean
Partner, London
T: +44 (0)20 7264 8363
E: paul.dean@hfw.com

Henry Fung
Partner, Shanghai
T: +86 21 2080 1000
E: henry.fung@hfw.com

Jeremy Davies
Partner, Geneva
T: +41 (0)22 322 4810
E: jeremy.davies@hfw.com

Jeremy Shebson
Partner, São Paulo
T: +55 11 3179 2900
E: jeremy.shebson@hfw.com

Paul Aston
Partner, Singapore
T: +65 6411 5338
E: paul.aston@hfw.com

Konstantinos Adamantopoulos
Partner, Brussels
T: +32 2 643 3401
E: konstantinos.adamantopoulos@hfw.com

Simon Cartwright
Partner, Dubai
T: +971 4 423 0520
E: simon.cartwright@hfw.com

Guillaume Brajeux
Partner, Paris
T: +33 1 44 94 40 50
E: guillaume.brajeux@hfw.com

Lawyers for international commerce

hfw.com

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São Paulo London Paris Brussels Geneva Piraeus Dubai Shanghai Hong Kong Singapore Melbourne Sydney Perth