

Views on opportunities arising from the GFC from Scott Carson, Director of Carson Business Logistics

In these challenging economic times, The "R" word can also be "O" for **OPPORTUNITY** for Freight Forwarders and Customs Brokers :

- Talk to your container carrier(s) and see where there may be opportunities for you to both save costs in areas such as two way running to and from client premises (eg. FCL deliveries and/or empty pickups), flexible delivery times and pick up times to/from clients premises, etc – you carrier should be seen as a service partner to your business.
- For the first quarter of 2009 – analyse job margins for forwarding only, customs only and separately combined jobs per trade area, in to gauge directly the effects of the downturn within each trade area – why continue to service a trade area that the business loses money on unless there is a strategic advantage in doing so?
- Reduce overheads but don't cut back on customer service levels – there is a limit to the benefit of cost cutting and business retention/lost business replacement in 2009 will be paramount.
- Consider having minimum volume requirements for service and rate proposals for future potential customer proposals – what a

potential customer may have been importing or exporting in volume for 2008 may likely not be the volumes that will eventuate for 2009 – ask for volume projections in writing.

- Negotiate with your landlord on premises rental – whilst a binding lease is a binding lease – commercial/ industrial lease \$\$ per sqm are falling in the major capital cities and it will be a fact that when many current leases expire over the next 2 to 3 years, the market \$\$ per sqm may have reduced, so if you consider that your current premises directly suit your business for the longer term, consider the possibility of talking now to your landlord ("the lessor") or the landlord's agent and try negotiating a reduction in current lease rental costs as a trade off for entering into a new longer lease term – no harm in asking !!
- Negotiations with shipping lines on services and rates – as there is a lot of volatility and competition In the market as present, this also presents opportunities – forwarders and brokers should consider these negotiations to be handled directly by senior management/the business owner(s) during these times.
- Consider offering existing clients some additional value added services that are of low cost, but nonetheless no charge additional services – eg. a quarterly newsletter, a formal review/audit of customs tariffs at no charge, assistance with advice on warehousing of their product, etc.

Whilst times are tough at present, one thing to consider is that this situation provides you with the opportunity to make your business more efficient by streamline your operating procedures and processes – then when the economy and international freight volumes start improving, so do existing client volumes, thereby reducing your business' "cost to service" as this situation develops.

Visit www.carsonbusiness.com.au for further information.

Competition authorities succeed in actions to gather evidence against SQ and Emirates



As you are all aware, competition authorities around the world have been taking action against alleged price fixing on air cargo services.

Many airlines here (including QF and BA) have settled, but some (including SQ and Emirates) are defending the action.

One element of the action has been efforts by SQ and Emirates in the Federal Court to set aside notices served by the ACCC under Section 155 of the *Trade Practices Act 1974* seeking documents and information on the alleged price fixing. These notices are often used by the ACCC to require the production of relevant information and documents. The notices are often drawn very broadly and compliance with the notices is often time consuming and costly, with the associated concern that failure to comply with the notice can, itself, lead to sanction by the ACCC. In this instance, the airlines sought to challenge the ability of the ACCC to serve the notice on the basis that the alleged actions the subject of the notices took place outside of Australia where the ACCC had no jurisdiction.

A single judge of the Federal Court has, however, very recently (2 April 2009) upheld the action of the ACCC and the legality of the notices issued against SQ and Emirates. While that may be the subject of a challenge to the full Federal Court the issue and the judgment may be of interest.

