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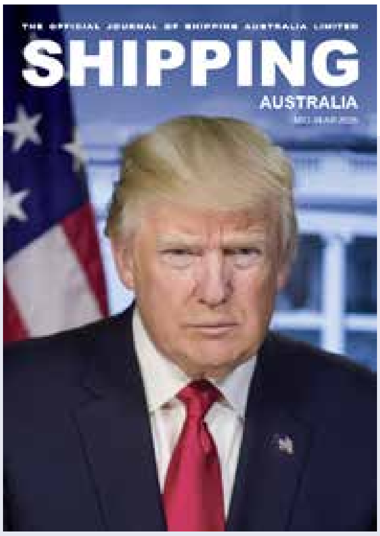
SHIPPING AUSTRALIA

MID-YEAR 2025





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Official portrait US President Donald J. Trump.

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Our Vision

The first choice for membership of a national shipping industry body promoting the interests of the shipping industry and creating enduring value for our members. An independent voice, trusted by Government and industry bodies for providing quality, expert advice.

Our Mission

To promote and advance the interests of members in shipping policy for a sustainable maritime industry.

Our Values

Professionalism, Respect, Integrity, Teamwork

Overview

Shipping Australia Limited is a peak shipping industry association with a variety of member lines, shipping agents and maritime-focused businesses that generally provide services to the maritime industry in Australia. Our members are involved with over 80 per cent of Australia's international container and car trade, as well as over 70 per cent of our break bulk, roll-on roll-off and bulk trade. A number of our members are also actively engaged in the provision of coastal cargo services to Australian consignors and consignees. Our members include cruise ship and towage operators. A major focus of SAL is to promote efficient and effective maritime trade for Australia, whilst advancing the interests of ship owners and shipping agents.

We know shipping!

SAL voting members

A.P. Moller-Maersk A/S

Asiaworld Shipping Services Pty Ltd

Austral Asia Line Pte Ltd

BBC Chartering

CMA CGM Group Agencies (Australia & New Zealand) Pty Ltd

CoastalBridge Agencies

Engage Marine

Evergreen Marine Australia Pty Ltd

Gulf Agency Company (Australia) Pty Ltd

Hapag-Lloyd Australia Pty Ltd

HMM Australia Pty Ltd

Inchcape Shipping Services

K Line (Australia) Pty Ltd

LBH Australia Pty Ltd

Leeward Group

Mediterranean Shipping Co (Aust) Pty Ltd

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Monson Agencies Australia Pty Ltd

Neptune Pacific Agency Australia P/L

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Ocean Network Express (Australia) Pty Ltd

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OOCL (Australia) Pty Ltd

PIL Australasia Pty Ltd

Seaway Agencies Pty Ltd

Ship Agency Services Pty Ltd

Svitzer Australia Pty Ltd

Swire Shipping Pte. Ltd

Wallenius Wilhelmsen Ocean AS

Wilhelmsen Ports Services (Australia)

Corporate Associate Members

1-Stop Connections Pty Ltd

AGS World Transport Pty Ltd

Aurizon

Ausport Marine

Australian Amalgamated Terminals (AAT)

Australian Maritime College

Auriga Group

Colin Biggers & Paisley

DP World Limited

Flinders Ports South Australia

Henning Harders (Australia) Pty Ltd

HFW Australia

HWL Ebsworth

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Maritime Safety Queensland

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Melbourne International RoRo & Auto Terminal Pty Ltd

Patrick Stevedore Operations Pty Ltd

Peter McQueen Pty Limited

Port Kembla Gateway Pty Ltd

Port of Brisbane

Port of Newcastle

Port Phillip Sea Pilots Pty Ltd

Poseidon Sea Pilots Pty Ltd

Sparke Helmore Lawyers

Subsea Pty Ltd

The Merchant Navy War Memorial Fund Ltd

Thomas Miller (Australasia) Ltd

Thompson Clarke Shipping Pty Ltd

United Rentals Australia Pty Ltd

United Salvage

Victoria International Container Terminal

Wormald Australia Pty Limited

BOARD OF DIRECTORS

Clinton Evans
Outgoing Chair

Area Oceania Managing Director, Hapag-Lloyd (Australia) Pty Ltd since September 2019.

Clint has 26 years of shipping and logistics experience in South Africa, Middle East (Bahrain,Qatar and Dubai) and India.

Clint stepped down as Chair at the end of 2024 in a planned rotation.

Eddy DeClercq
August 2008 - retired 2024

Former Managing Director OOCL (Australia) Pty Ltd.

Eddy stepped down from the Board owing to retirement.

Phillip Holmes
Appointed September 2023

General Manager “K” Line Australia. Phillip has been active in Australia’s international shipping industry for approximately 40 years. He heas a range of operation and management experiences with the container shipping, car carrier and dry bulk trades.

Phillip is the incoming new Chair.

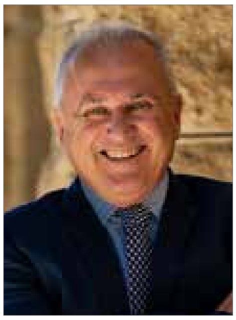
My Therese Blank
2021 to 2025

My Therese Blank was formerly of Maersk Group; She resigned in 2025 after leaving the shipping sector.

Eric Tjandra
Appointed January 2025

Managing Director, OOCL (Australia) Pty Ltd.

Eric has more than 30 years of shipping industry experience in commercial and management positions in Southeast Asia, Hong Kong and South China before arriving in Australia.



Mark Godfrey
Appointed November 2023

Mark has approximately 40 years of experience in the shipping industry. He has worked with MSC around Australia and New Zealand, and has worked through a variety of senior and operations roles. He is now the Managing Director of MSC Australia.

Shane Walden
Appointed August 2019

Shane Walden is the Managing Director of ANL Container Line Pty Ltd.

He has extensive experience in liner shipping gained though shipping line appointments in Australia, France and Hong Kong.

Scott Henderson
Appointed February 2015

Managing Director, Gulf Agency Company (Australia) Pty Ltd since 2014. Scott has 27 years of agency experience in Australia, prior to that he served as deck officer in the British merchant navy for seven years.

Kristy Craker
Appointed October 2022

Managing Director & founder, Ship Agency Services from 2011.

She is also a founder, and the Managing Director, of Propel Marine, a marine solutions provider.

Kristy has more than 20 years of experience within shipping and logistics in Australia.

Fleur Walsh
Appointed 2025

Head of Operations at AP Moller Maersk, covering land, sea and air across Australia and New Zealand.

Fleur is a trade and logistics specialist having held a range of analytical and senior leadership positions at ocean carriers, industrial companies, terminals and warehousing businesses.

Pictured: the Shipping Australia Secretariat. From left: Jim Wilson; Shipping Australia's CEO, Capt Melwyn Noronha; Mehrangiz Shahbakhsh; and Clem Roberts. Photo credit: Scott Henderson.

SAL Staff

Jim Wilson, Policy and Communications Manager; Captain Melwyn Noronha, Chief Executive Officer; Mehrangiz Shahbakhsh, Shipping Analyst and Liaison Officer; Clem Roberts, Company Secretary/Financial Controller.

National steering groups

Policy Council

Border Agencies Steering Group

Container Steering Group

Human Resources Steering Group

Maritime Legal Steering Group

Public Relations Steering Group

Technical Steering Group

Bulk Shipping Group

Liner Shipping Steering Group

State committees

New South Wales State Committee
Chair: Bill Rizzi
Secretary: Melwyn Noronha

Queensland State Committee
Chair: Ajaz Mir
Secretary: Geoff Dalgliesh

South Australia State Committee
Chair: Paul Paparella
Secretary: Melwyn Noronha

Victoria State Committee
Chair: Sirisha Gunde
Secretary: Charles Masters

Western Australia State Committee
Chair: Kristy Craker
Secretary: Melwyn Noronha

CEO's review of the last 12 months

By Capt. MELWYN NORONHA,
CEO Shipping Australia

"May you live in interesting times," is an old curse that was apparently coined by British diplomats in China.

Well, it's certainly been interesting time in shipping. The long-running shadow war between Israel and Iran broke out into the open in early June. Shipping Australia laments the terrible loss of life, injuries, and suffering, in the current Israel-Iran conflict. This is a terrible human tragedy.

Open warfare has put the spotlight, once again, on the Strait of Hormuz. It's likely the world's most important waterway owing to the high volume of shipping carrying large volumes of oil and gas. There's been a lot of concern that the Strait would be closed to shipping. That's unlikely for political, naval, and shipping-related reasons as we explain later on in this publication. There are likely to be many serious economic, trade, and maritime logistics effects though of the ongoing conflict.

Staying with maritime security in the region, the Red Sea Crisis – i.e. the attacks by the Houthis on shipping in the Red Sea that began in October 2023, seems to have at least abated in the sense that there haven't been any confirmed attacks since late 2024. That said, container shipping specifically was, by-and-large, avoiding the Red Sea – up to 90% of container volumes were going the long way around, global bank ING indicated back in March. The general consensus was that skittish box lines would gradually resume Red Sea transits over the course of this year and next.

Given that the Houthis are apparently Iran-backed, a return to the Red Sea doesn't look likely now following the breakout of open war.

As has been seen historically during periods of geo-political uncertainty, shipping will operate to work around disruption and will continue to deliver the goods. Of that, you can be certain.

Trade issues

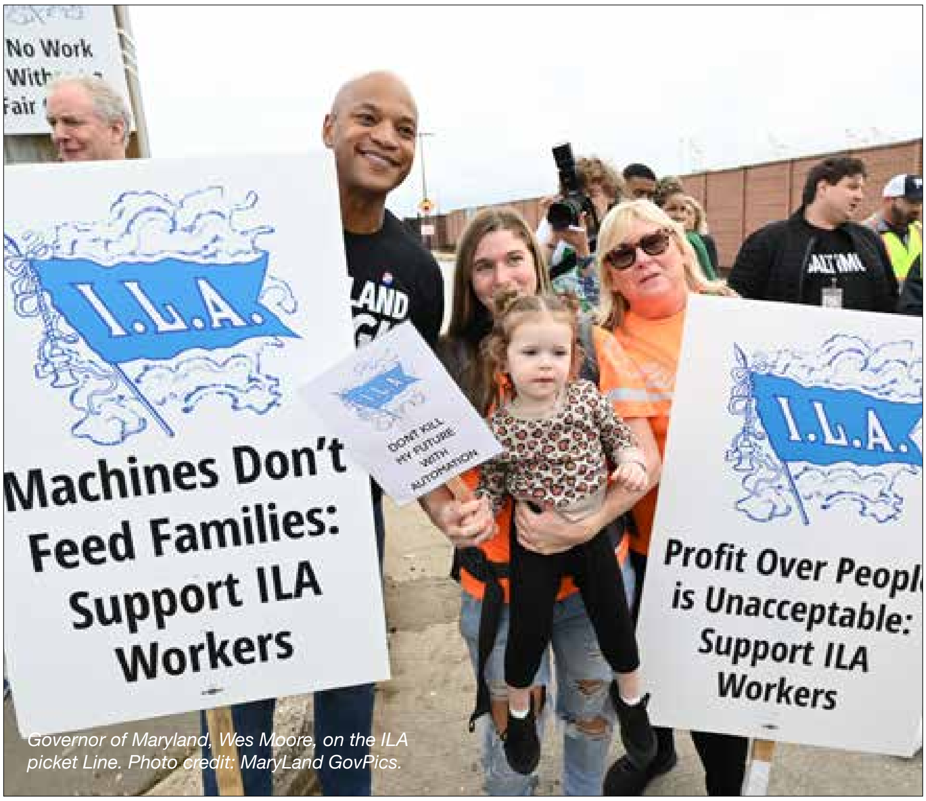
Well, up until recently (as at the time of writing), we were sure that the Trump Trade Policies (tariffs, and the actions of the U.S. Trade Representative in hitting China-built ships with staggeringly large penalties) were going to be the biggest story in this year's winter magazine. We thought that. Until recently.

It's hard to know what to say about the Trump Tariffs – they have changed so much. All we can say is that it has bred uncertainty into world trade and uncertainty, generally speaking, is poison to business confidence and investment. We have seen trade slump, and then on news of reprieves, surge. Who knows what will happen next? One U.S. political event to watch is the U.S. mid-term elections. President Trump, at the time of writing, has low approval ratings. It's possible that the balance of power in the U.S. Congress could flip.

Meanwhile, the U.S. Trade Representative is investigating China's dominance of the Maritime Sector. The initial proposals to impose huge fees per port call caused a fair bit of consternation. Yet this is another area of U.S. Trade Policy that's seen a fair bit of flipping and flopping. Currently, from 14 October this year, there will be fees on vessel owners and operators of China-related net tonnage; fees on foreign-built car carriers, and, from 2028, more fees on LNG carriers. Fees have been proposed for ship-to-shore cranes and other handling equipment.

Waterfront unrest

Extensive industrial unrest was underway around the country at one of the major marine terminal operators as 2023 gave way to 2024. Throughout the year there were major strikes and industrial relations issues. In Fremantle, vessel traffic services officers and small craft personnel walked off the job. Meanwhile, in the same year and then spilling over into 2025, a major break bulk and integrated logistics services provider was subjected to an intense series of strikes and stoppages. Strikes, it seems, are a fact of life in Australia's commercial maritime sector as the industrial relations campaign never seems to end.



Governor of Maryland, Wes Moore, on the ILA picket Line. Photo credit: MaryLand GovPics.

But this disruption needs to end. Australia can't go on like this. The costs and delays just keep piling up and, ultimately, it's the Mum & Dad business, and the everyday Australian family, that are paying the bill. There's just going to come a point were the everyday Australian just can't keep paying more and more. And we may well be at that point already as our household disposable income (per capita) has tanked relative to the OECD average, according to ABC reports.

Shipping Australia calls for enterprise bargaining at waterfront companies to be staggered by company, by geography, and in time so that no-one industrial action can disrupt all of Australia's trade at one time. We also call for shorter, fixed bargaining periods with an automatic referral to the Fair Work Commission for determination if the parties cannot reach an agreement. Notice periods before strikes should be extended from three days to at least 21 days to enable third parties to take protective action. There needs to be a prohibition on industrial action against organisations that are not party to the dispute.

Australia's seaports

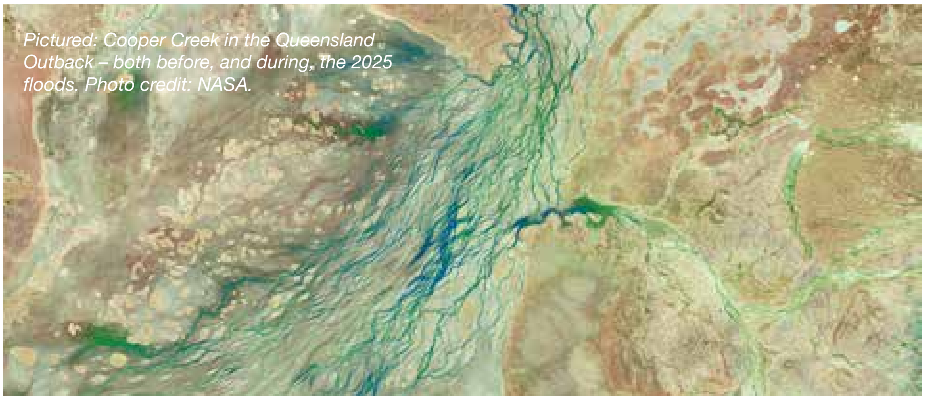
Turning now to the seaports, as their performance is linked to industrial relations. Waterfront productivity cannot be looked at in isolation – it goes hand in hand with industrial relations reform. In addition to I.R. changes, reform of the seaport sector is necessary as has been demonstrated by the World Bank's internationally comparable container port index report.

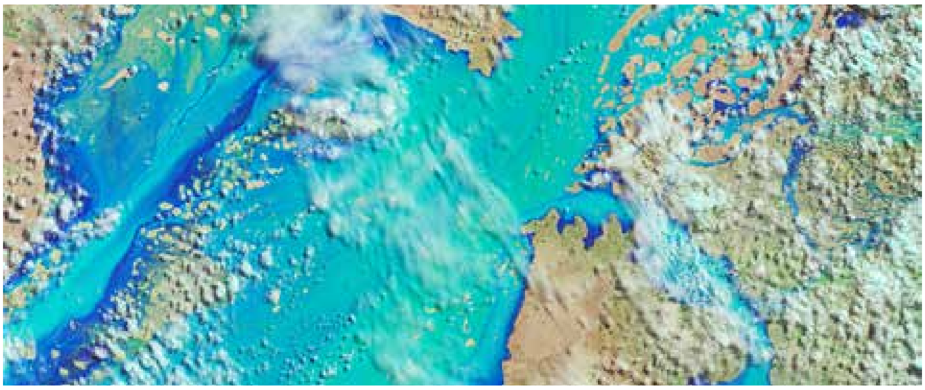
It's about the only report in the world that benchmarks port performance. Australian ports have demonstrably not performed well when compared with their international peers. We hope that Australian ports have improved their performance.

Australian seaports ought to fall under a Commonwealth regulatory regime rather than the State / Territory based regime that currently exists. Ships sailing into / out of Australian seaports ought to also be subject to Federal rules rather than being subject to State / Territory rules at the three nautical mile mark.

Ports also ought to be judged on how fast ships turn around. How long ships take to get into berth, be discharged, re-loaded and leave is, after all, the single most important metric for the ocean shipping sector.

Such reforms ought to help lift waterfront productivity and promote Australia's international maritime trade to the benefit of everyday Australians.





Pictured: Cooper Creek in the Queensland Outback – both before, and during, the 2025 floods. Photo credit: NASA.

Queensland floods

Shipping Australia was astonished in a recent meeting with government officials to be advised that there have been 17 disaster declarations this year (so far). The big disaster was Tropical Cyclone Alfred, which dumped massive volumes of rain on the state, inducing serious flooding and cutting off communities. Even when the floodwaters recede, it takes a bit of tie to get everything moving again because engineers have got to go and check that roads, bridges, and other transport infrastructure hasn't been badly damaged.

In hindsight, Australia dodged bit of a bullet with this one as the floods didn't last too long and infrastructure wasn't too badly damaged. But this was good luck. Unfortunately, maritime cabotage policy cast a long and dark shadow.

At one point during the floods there were long queues of trucks scattered about the Queensland countryside, waiting for floodwaters to subside and engineers to give the OK before they could deliver goods to communities. But the key question is why were those trucks even there? Most of that cargo could have been moved at much lower cost and with a far greater resilience to disasters if it had been moved by sea by ship. Yes, the plague of coastal shipping policy raises it ugly face once more. In simplified summary, it's basically illegal to move cargo by sea from one Australian port to another. There are provisions for temporary licences and, in emergencies, to suspend the cabotage rules. Shipping Australia made several advocacy attempts to have the emergency powers invoked and for the rules to be temporarily suspended so that shipping could aid in disaster relief. But the Federal Government declined to suspend those rules, no, not even to help ordinary Australians endangered by floods.

That's no surprise. It's long-standing policy by this government to allow the people of Australia to be subjected to the risk of being endangered by the aftermath of natural disasters rather than to relax its cabotage rules.

That is shameful.

Federal election

Talking of the Federal Government, the Australian voting populace decided that the Albanese administration should have another three years in charge. There's a lot to be said about this, and guest writers from law firm Kingston Reid have said it – you can read their excellent summary inside this edition. Thank you to Jessica Tinsley and Duncan Fletcher for their insights.

Decarbonisation

A major regulatory step-forward took place at the International Maritime Organization since the last, winter, edition of this magazine. In April this year, delegates to the IMO have voted in the Net Zero Framework.

There will be a "global fuel standard" and an economic measure. Under the fuel standard, ships will have to work out how much greenhouse gas pollution is emitted from all types of fuel that they have burned, alongside all the emissions involved in producing and transporting the fuel to the ship. And that's then all divided by the total amount of energy used in a given reporting period. This is the "attained" Global Fuel Intensity indicator (GFI). Once ships have calculated that GFI, they have to meet and preferably beat a reference benchmark. That benchmark is based on the average of the 2008 fleet, and, here's the key point, the benchmark gets tougher to meet every year until it reaches about zero in about 2050.

On the economic side, a system of tradeable debits and credits will be created with the end result being that polluting vessels will increasingly end up subsidising green vessels. It's a powerful system to induce change.

This is all a bit complicated so we've explained it in Plain English inside. You'll still need to concentrate when you're reading it though.

Ladder policy

And finally, Shipping Australia is pleased to advise that we worked with government to achieve a pragmatic solution in respect of onboard health and safety. Government officials were worried that using onboard ladders on car carriers posed a risk to health and safety.

Shipping Australia consulted with industry, researched the relevant law, researched health and safety practice and the practicalities of the car trade. We consulted with government officials and explained the economic consequences for industry, the measures taken to ensure that car carrier ladders are safe, and we suggested a range of alternative approaches.

We are pleased to report that the Federal Government has completed a risk assessment for the use of vertical ladders with the outcome that government staff are allowed to move between adjoining decks by vertical ladders where there are no alternate safer options.

Shipping Australia was pleased to work with government officials, on behalf of members, to arrive at a practical solution that protects health and safety.

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- Container Track & Trace Events

Features:

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- Location tracking in map mode
- Data download in table form

Availability:

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Your Benefit – Basic product

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- Your feedback will allow for further development tailored to your needs
- Easy access to your digital cold chain without manual effort before each trip
- Integrated into Hapag-Lloyd Navigator – all relevant information at one glance

For more information, please contact your local Hapag-Lloyd office.
www.hapag-lloyd.com

Hapag-Lloyd

Pictured: Parliament House, Canberra, at night as viewed from ANZAC Parade. Photo Credit Social Estate via Unsplash.

A big swing and a progressive Senate: what's next for workplace laws in Australia?

By DUNCAN FLETCHER, Partner, and JESSICA TINSLEY, Special Counsel, both of law firm Kingston Reid. Re-published with permission.

The emphatic re-election of the Albanese Government with a majority of at least 10 seats (but probably a lot more when final votes are counted), is something that many experts failed to predict. Similarly hard to predict was the likelihood that the Government and the Greens may have the numbers to pass legislation in the Senate without the need to negotiate with independent crossbenchers.

Employers, and particularly small business, benefited, to a certain degree, in the role played by independent crossbenchers, such as Senator David Pocock and Senator Jacquie Lambie, to moderate some of the Albanese Government's first-term industrial relations legislation.

This new dynamic in the Senate for the Albanese Government's second term means that the combined policy positions of the Greens, Labor and the Australian Council of Trade Unions (ACTU) will set the agenda for any further changes to Australian workplace law, of which there can be no doubt will occur. The extent of change will be a balance between a powerful Government seeking to maintain that power by not spending too much political capital, with a more radical agenda of expanded union and worker rights and regulation that becomes for the left what WorkChoices was for the right.

As to where those changes are likely to arise, this is what we know so far…

Wage regulation and bargaining reform

The Albanese Government has pledged to legislate protection for penalty rates into the Fair Work Act 2009 (Cth) (FW Act), limiting employer capacity to trade off these entitlements for higher base pay during bargaining or award variations. One distinct possibility is that the Greens may push for standard penalty rates as part of the minimum National Employment Standards, rather than protection of award penalty rates.

The ACTU and the Greens both support stronger minimum wage regulation, with the Greens advocating a statutory floor at 60% of the median full-time wage, and the ACTU pushing for above-inflation wage increases across all sectors. In its first term, the Albanese Government empowered the Fair Work Commission (FWC) to set minimum standards for "employee-like" workers, particularly in rideshare and food delivery services. The Greens and the ACTU advocate full award coverage and enforcement powers in the sector. This could see extensive award-like regulation for these industries. The ACTU has also publicly backed expansion of this regime to include contractors operating offline, including freelancers. The ACTU is also pushing the Albanese Government to scrap junior pay rates across the retail, food and pharmacy sectors, if unions aren't successful in their current application before the FWC.

Overall, organisations should expect minimum conditions in legislation and awards that are more rigid resulting in a higher cost for flexibility in working hours. This creates a need to revisit flexibility practices through contractual and policy mechanisms rather than enterprise agreements, to avoid a direct ratcheting of pay in exchange for flexibility across whole workforces.

Ban on non-compete clauses

The Albanese Government will prohibit non-compete clauses for workers earning below the high-income threshold (currently $175,000 and adjusted annually on 1 July), effective from 2027. The ACTU and the Greens both support this, citing labour mobility and innovation benefits.

An important detail will be the extent of the prohibition – will it be limited to pure non-compete clauses (i.e. a restriction on working for a competitor post-employment) or extend into wider areas such as wage-fixing agreements and restrictions on poaching customers and staff?

A proposal to close "loopholes" in Australian competition laws that may be enabling employers to fix wages through anti-competitive arrangements to cap pay and conditions and use 'no-poach' agreements to stop workers from moving to competitors has been flagged as part of these reforms, however the full extent of these aspects of the reforms are yet to be outlined in depth.

While the intended high-income threshold will allow non-compete clauses to continue for high-paid employees in senior roles, there are many sales and commission-based roles (in areas such as real estate and financial services) where employees have a low base salary but an at-risk component much higher than the relevant high-income threshold. These are roles that the proposed laws are likely to prevent from having non-compete provisions, making it harder for employers to protect their market positions.

Organisations may need to consider alternatives to non-compete provisions, such as retention benefits or payments and deferral of at-risk payments contingent on employees being a "good leaver".

Multi-employer and sector-wide bargaining

Building on the Secure Jobs, Better Pay reforms of 2022, the Albanese Government has said that it will continue supporting multi-employer bargaining, particularly in feminised sectors like aged care and early childhood. For example, the Early Childhood Education and Care Multi-Employer Agreement approved in December 2024 has now reached 300 employers and approximately 40,000 employees. The ACTU strongly backs this model, citing a $6.3 billion annual increase in wages attributed to its expansion.

Organisations, especially in award-covered or unionised sectors, should prepare for intensified bargaining environments, rising wage costs, and greater scrutiny of bargaining practices. Planning for wage increases aligned with cost-of-living metrics will be critical.

Portable entitlements

While this commitment was put on ice in its first term, it's likely the Albanese Government will progress a universal portable leave scheme (or schemes), particularly targeting casual, gig, and project-based workforces. This has broad support from the Greens and unions, despite business concerns over administrative and cost burdens.

While the archaic origins of long service leave as a colonial-era employment benefit served to allow employees an opportunity to sail home to Britain, the exact scope of the Albanese Government's scheme, including the types of leave which may be covered is still unknown. It's likely that the portable leave scheme, or schemes, would be funded by employers under an industry levy charge. The Albanese Government may look to the Victorian Government's 'Sick Pay Guarantee' for inspiration, which provides casual, contract and self-employed workers access to sick leave.

Organisations with casual, gig and project-based employees will need to build the cost of compliance with the scheme into their wage setting plans. For those that respond quickly, portable leave can become a deferred benefit for employees, like superannuation, which is absorbed into lower increases in take-home pay.

Casual and labour hire reforms

The ACTU is pressing for a stronger Same Job, Same Pay framework to neutralise wage arbitrage via labour hire. This could result in access to these orders being simplified, following a policy review of the outcome of test cases currently before the FWC.

The Greens propose that "casual work should be limited to genuinely short-term, intermittent or seasonal work"

Pictured: the official logo of the Fair Work Commission on the wall of Commission's offices in Sydney. Industrial relations experts envisage a change to workplace relations laws. Photo: Shipping Australia.

and an enforceable right to permanent employment after six months, with exceptions requiring demonstrable business justification. The Greens' policy supports collective bargaining rights and the right to strike, including for "precarious" workers such as casuals and gig workers. The ACTU is also calling for a review into the loading currently paid to casual workers, once the new casual changes have been bedded down.

Organisations with reliance on casual or labour hire workers will be under increased legal and reputational pressure to transition to models based on permanent employment. This is likely to see a rise in hybrid models such as the "day worker" in the construction industry where flexibility of engagement day by day sits alongside most of the benefits of permanent employment. Adapting to this will involve revisiting forms of engagement and rates of pay.

Employers should soon expect the finalisation of the National Labour Hire Registration Scheme, which has been developed by the States and the Federal Government during the Albanese Government's first term, and seeks to harmonise the patch-work approach currently undertaken by the states in relation to labour hire registration.

Workplace flexibility and work-life balance

The Albanese Government's existing laws on the right to disconnect will likely be strengthened, including enforceability clauses. The Greens advocate a codified right with penalties for employer breaches.

The Greens have called for national trials and a Fair Work test case to pilot a four-day week at full pay, overseen by a proposed National Institute for the Four Day Week. The Albanese Government has not formally adopted this yet, but has indicated openness to trial models in the public sector.

Given the impact of the Coalition's abandoned proposal restricting working from home for the public sector during the election campaign, work-life balance is likely to be elevated by the Albanese Government and the Greens as an early issue of debate for the new parliament.

Organisations will need to invest in measures for managing remote workers and be ready for a difficult environment where the boundary between working from home and disconnecting from work needs to be defined.

Expanded leave and inclusion measures

The ACTU is lobbying for 10 days' paid reproductive leave per year, the Greens are pushing for 12 and an increase of up to 52 weeks paid parental leave. The Albanese Government is considering a review but has not yet committed to implementation.

The Albanese Government will legislate superannuation contributions on paid parental leave from 1 July 2025, aiming to reduce the retirement income gap for women.

The Greens support a complete phase-out of segregated disability employment models by 2030, in partnership with unions and advocates.

Organisations should prepare for a broader definition of leave entitlements and enhanced scrutiny on inclusion and diversity outcomes, especially in recruitment and workforce design. These are likely to appear in bargaining claims and there will be a push for expansion of the National Employment Standards.

Enforcement, safety and compliance

The Albanese Government and the Greens support the criminalisation of wage theft and industrial manslaughter under national law. A national harmonisation push is expected, so that these laws are adopted in states that do not already have them.

Organisations should expect greater potential for criminal exposure for underpayments and workplace safety breaches. Regulatory investigations and union complaints are expected to increase.

Industrial action, union rights and site access

The Greens are advocating increased union rights to access sites and engage in sectoral organising. The ACTU continues to push for protections of right of entry and limits on employer interference.

The ACTU is also set to press for a watering down of the employer capacity to lock out workers during industrial disputes.

Despite the significant pro-union reforms of the last term of government, union density in private sector employers has declined. The next stage of union-advocated reform is likely to be focussed on getting greater access to workplaces so that density can be increased. It also raises the old issue of "free riders" in enterprise bargaining who benefit from outcomes but are not union members.

Organisations should expect the role of unions to become a significant focus in future enterprise bargaining and a push for new forms of "bargaining fees" by another name, as a way of converting increased industrial power into membership and funding.

Artificial intelligence (AI) and automation

Organisations should also expect reforms in the second Albanese Government term which regulate employers use of AI and technology in the workplace. Multiple Government and Greens-controlled parliamentary inquiries have recommended changes to the FW Act which would restrict employers' ability to introduce technological change in the workplace without more onerous consultation with, or perhaps the consent of unions and workers.

Meanwhile, the union movement has called for bans on the use of technology in hiring and firing of workers.

Organisations should expect to see greater scrutiny applied to their use of AI and technology in the workplace, with unions and workers given greater power in dictating how and when employers should modernise their workplaces.

Where to now?

The 2025–2028 term has potential to significantly shift Australian workplace relations even further. With the Albanese Government holding a mandate and the Greens driving labour reform in the Senate, employer operating models must now adapt to a workforce landscape that is more focussed on job security, regulation, and protection of worker and union rights.

Pictured: Maryland Governor, Wes Moore, addresses striking dockworkers on the ILA picket line.
Photo credit: MaryLand GovPics.

U.S. East and Gulf Coast industrial relations bullets were dodged!

Shipping, ports, and logistics executives from around the world were treating to nerve-searing tension as 25,000 out of a potential 47,000 plus workers on the US East and Gulf Coasts walked off the job at 36 U.S. ports on the first day of October 2024, later temporarily returning to work on 03 October 2024.It was the first East Coast strike since 1977.

Strikes were estimated cost more than US$3bn a day and would have held up many box ships.

More strikes were envisaged over a long duration.

However, a "tentative" joint deal was been reached by The International Longshoremens' Association (the union) & the United States Marine Alliance (the employers).

"The International Longshoremen's Association and the United States Maritime Alliance, Ltd. have reached a tentative agreement on wages and have agreed to extend the Master Contract until January 15, 2025 to return to the bargaining table to negotiate all other outstanding issues. Effective immediately, all current job actions will cease and all work covered by the Master Contract will resume," the parties said at a time.

So, there was at least a temporary respite until mid-January… leading to more frayed nerves and bitten nails, until the dockworkers voted en-mass in February 2025 to approve a six year contract!

Workers won a 61.5% pay rise over five years, according to media reports, with the highest paid workers reportedly being able to earn up to USD$63 an hour in the final year of the contract, up from USD$39 an hour.

Media reports indicated that, under the previous contract, the starting pay for US dockworkers was USD$20 an hour. According to the Reserve Bank of Australia, the AUD$/USD$ exchange rate was 0.684 USD$ per AUD$, so beginner dockworkers in early January 2024 would have been on the equivalent of roughly AUD$29 to AUD$30 (although, of course, that rate varies over time and doesn't take into account the differences in the cost of living in Australia and the U.S. or the variances in the cost of living between the different parts of the U.S.).

At the signing ceremony of the Master Contract, ILA International President Harold Daggett, declared that "I am proud to have produced this new agreement with the help of my ILA Wage Scale Committee for my ILA members… we achieved a record-setting 62 percent increase in wages; full protection against automation; accelerated wage raises for new workers; full container royalty funds

Pictured: The U.S. East and Gulf Coasts. Ports all along these coasts, namely, Baltimore, Boston, Charleston, Hampton Roads, Houston, Jacksonville, Miami, Mobile, New Orleans, New York, Philadelphia, Savannah, Tampa and Wilmington, were involved. Photo credit: NASA.

returned to the ILA; the best medical plan in our MILA national health care program that fully protects our ILA members and their families, and raises in contributions to money purchase plans".

Paul De Maria, who was then the USMX Executive Vice President and Chief Operating Officer and lead negotiator – and who has since been named as the CEO and Chairman of the USMX (on 29 April 2025), added that: "this agreement received unanimous support from our USMX membership and furthers our mission to create modern and safe working conditions across the industry while continuing to focus on enhancing strong and efficient supply chains to ensure American companies can access the global marketplace".

Both the ILA and the US Maritime Exchange "expressed optimism for their collective futures with labor peace now guaranteed for the next six years".

This was a very serious situation

Thankfully, the long-running and envisaged multi-port, multi-day strikes did not happen.

Let no-one make any mistake here, nor let anyone downplay the gravity of the situation. That strike was potentially very serious for all countries that rely on the global ocean supply chain. That wasn't just an American problem. It was a global problem.

We live in a globally connected world. We are physically connected by the ocean and by the cargo ships that sail upon it. While events may be far distant, they have a cascading whiplash effect around the world, and sometimes in ways that surprise.

Australia would have been directly affected because about 5.5% of our in-box general cargo trade (excluding empty containers) involves containerised imports and exports to and from the US & Canada, roughly about 300,000 TEU.

A reader might say, "so what – it's not a huge proportion of our trade," and they would be right, it's not. Although we'd respond that while 5.5% is only a relatively small volume, it's not nothing. There are also other cargoes to / from Australia that could have been indirectly affected and there's also all of the likely disruption to global shipping services.

The bigger problem would have been the effect on the global supply chain and the indirect, secondary effects.

The US is both a massive importer – it's the world's biggest consumer nation, and it is a massive exporter itself. The full US box trade in 2023 was about 24.8 million TEU, according to logistics software company Descartes. The 13 ILA East Coast Ports (Boston, New York / New Jersey, Philadelphia, Baltimore, Hampton Roads (that's the Port of Norfolk, in Virginia), Wilmington, Charleston, Savannah, Jacksonville, Miami, Mobile, New Orleans, and Houston). Together they account for about 51% to 52% of all TEU entering the United States, that's about 12.8m TEU.

Roughly, the ILA ports handle a little more than about 1m-ish TEU a month every year.

Again, a reader might say, "America," and "so how does this affect anyone else"?

The general rule of thumb is that one day of strike on the US East & Gulf Coast equates to about six days of disruption. So, with about four days of strike, we were roughly looking at about 24 days of disruption or thereabouts.

With about 12.8m TEU going through ILA ports on the US East and Gulf Ports, we can easily see how such disruption would build up from even a short strike.

About half of that 12.8m TEU East Coast trade originates in Asia, about 30% of it is from Europe and 20% of it is from elsewhere, according to various trade media who are, in turn, quoting local experts. Of, about roughly half of all the containerised cargo that goes into the US, about 45% of all Asian-origin cargo goes into the East Coast, as does 85% to 90% of all European cargo and about 75% of all Latin American cargo does too.

That European cargo is particularly important on the global scale. US maritime expert Dr Sal Mercogliano pointed out that about 30% of the containerised trade on the Asia-to-Europe route actually gets trans-shipped in Europe and is then sent to, yes, you guessed it, into the USA.

Roughly 12.8m TEU is just a huge volume of cargo would suddenly stop moving. And remember, it's the ships that carry the cargo that stop moving too.

At the time, maritime analysts counted numerous ships being stalled off the coast of the US or nearby. They counted 54 boxships at a standstill of the US East & Gulf Coast; 10 boxships at Freeport (Bahamas); 6 in Caucedo (Domincan Republic); 10 in Kingston (Jamaica) and 19 off Cartagena (Colombia).

Meanwhile, one senior executive of a major global shipping company, told the trade media that he expects all terminals along the East Coast to come to a stop and that ships will apparently have to "sit and wait" for the industrial disruption to stop.

Other shipping lines have apparently also told maritime media that they expect vessels en-route to the US East Coast to stop too. There were also reports of vessels waiting in Europe rather than heading across the Atlantic.

So ships would likely have just gotten "stuck" somewhere if the US longshoremen had walked off the job for an extended time.

It would have been unlikely that ships could have been diverted – there are few (if any) other ports on the US East Coast that were unaffected that could have taken big ships; it would be impossible (and expensive) to divert all of those vessels through the Panama Canal; it wasn't possible for the West Coast US ports to pick up another 12.8m worth of TEU; the inland transportation infrastructure from the US West Coast ports (that's trucks, road, rail, barge, warehouses) simply could not handle that volume (and it would have been prohibitively expensive anyway); and diversion to Mexican or Canadian ports didn't look do-able either because they are already nearing full use… and that's before we even recall that there was extensive industrial disputation underway in the Canadian rail freight network at the time.

There were simply no alternative routes or destinations if the ILA dockworkers went on strike.

Containers, ships, and cargo, were all going to get stuck.

What are the consequences of ships and cargo stopping?

We know this. We've been here before. Remember COVID?

Shipping operations would have been disrupted globally.

Such a huge set of strikes would have inflicted a global shortage of shipping capacity (that includes both ships and containers), extensive delays, blank sailings, reduced service frequency, vessels re-directed, vessels held off port – waiting, port omissions, port re-routings, port congestion, and a shortage of containers.

Australian readers may well still be thinking, yes, but that's in America, how can something so far away affect us here?

Ships sail in loops between continents and countries, connecting both with cargo and trade.

The key word here is "loop". Ships go in a circle around and around. Right up until the point when they don't. Because of, say, industrial action. Then they stop, usually at anchorages outside of the port.

A ship that is stopped somewhere cannot carry on with the loop. So, it can't go back to the place where the cargo is manufactured, such as North Asia, and pick up more cargo. But the manufacturers don't stop manufacturing. So, more and more cargo builds up, especially because shipping capacity plummets.

Meanwhile, inside the U.S., cargo that is already en-route or is at premises of consignees, gets unstuffed from the box, which is great. But consignees then have to get rid of the box – but they cannot do that because no-one is picking up the box for re-export back to Asia.

So, empty boxes start building up in trucking yards, consignee yards, empty container yards, all over the country. They clog up the system in the country experiencing the empty container crisis and, as the supply of containers is limited, everyone else in all other countries starts experiencing a container shortage.

Effects on Australia

There are only so many ships, containers, and shipping services in the world. So freight rate rises, port congestion, cuts in supply, and so on, affect everyone, everywhere, because the US is such a major importer / exporter and attracts so much shipping.

We wrote earlier that about 5.5% of Australian box trade will be directly affected and that is true.

But if we look at our Asian and European trade too, we can see how a US supply chain crisis might affect us more than we might initially think. Over the long-term, Australia's total Asian container trade (full import and export boxes; East Asia, Southeast Asia, and Japan / Korea), stands at about 66.7% of all of our container trade (excluding empties). Meanwhile, our European box trade stands at about 11%.

Strikes on the scale of the US East and Gulf coasts would have been disruptive to all US trades, everywhere. And, in turn, the trade links between those areas and the rest of the world would have been disrupted too.

Australia was potentially facing disruption, at least in part, to about 83% of our full (i.e. not empty) containerised trade.

Upwards cost pressure

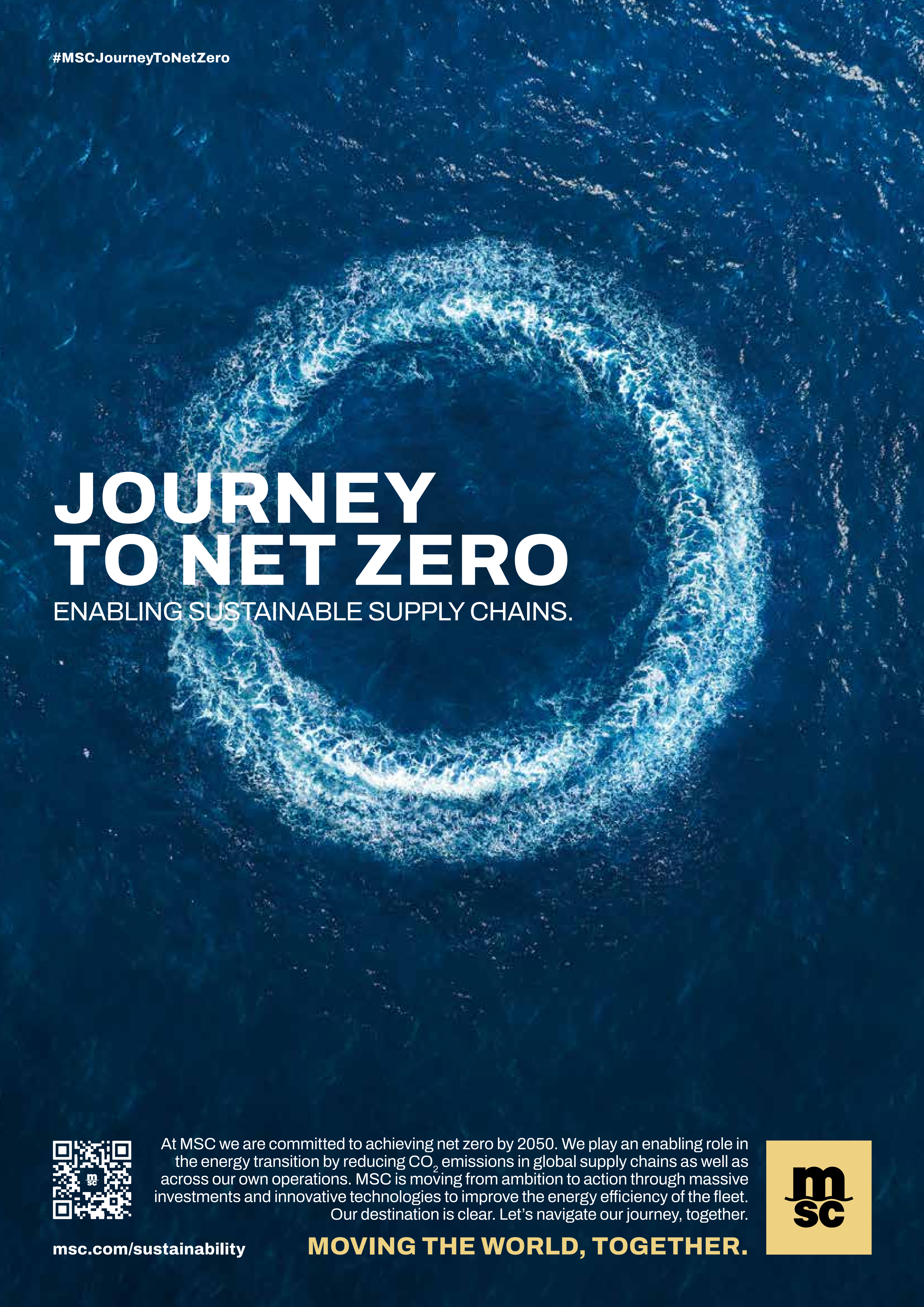
All of this would have been extraordinarily expensive. Firstly, shipping companies would have been hit with cost hikes. In such times, they typically issue ancillary charges, surcharges and the like. Secondly, and this is probably the bigger driver of costs, all of these measures take capacity out of supply of shipping.

Shippers want and need to move their cargo but, if shipping supply is cut, then their demand to move cargo starts exceeding the supply of ships and shipping services to move that cargo.

Shippers then start getting desperate to have their cargo carried and so they begin to bid-up the price of freight. This is when freight rates go into an upwards spiral. They also induce smaller regional players to move more freight, and even, if the rates get high enough, to for non-container ships (such as bulk carriers) to start carrying containers on deck.

We saw all of this during COVID. Thankfully, we didn't see it (too much) in 2024 / 2025 as both parties came to the table and done a deal.

But there's always next time… which is now about six years away.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While WA dodged an industrial relations bullet, Australia's whole logistics system is vulnerable to strikes

A planned 48-hour strike by Vessel Traffic Services Officers and Small Craft Personnel at Fremantle was called off at near the last minute in late August 2024. A strike that was due to occur on Sunday 25 August was called off after negotiations on Friday 23 August led to an in-principle agreement.

"This is a positive outcome that will ensure shipping lines, importers and exporters and the public won't be impacted further. It demonstrates that respectful and collaborative negotiation can deliver outcomes that work for all," commented Fremantle Ports CEO, Jodie Ransom.

Captain Melwyn Noronha, commented: "to have such a positive, and amicable, resolution goes a long way to ensuring our supply chains are not unnecessarily hindered. Shipping Australia congratulates all parties involved in the recent negotiations for resolving the dispute in such a speedy manner. We would like to hope that such an approach is taken by all parties in the forthcoming rounds of future waterfront-related enterprise bargaining in the not-too-distant future."

It was an important development as failure to do a deal would likely have led to a series of rolling strikes and other industrial action. It was also particularly unfortunate timing because a spate of bad weather was due to roll-in, and Western Australia was facing an unplanned, multi-day closure of its main general cargo import and export port.

Shipping Australia had also been advised that, there were are already delays of up to 36 hours for off-window vessels at Fremantle (there was extensive port congestion around the world at the time) so the 48 hour strike made a bad situation much worse.

The situation was very serious.

Even though this strike didn't go ahead, it easily could have done. And it could happen in the future. And other ports around Australia could easily be subject to strikes too. While the specific details in this case study won't apply to other ports – e.g. Fremantle throughput stats obviously only apply to Fremantle – many of the high-level principles are generally applicable. If any port around Australia has an unplanned shutdown for a few days, then there's going to be both marine-side and landside congestion, with rolling disruption across the port's hinterland.

Fremantle is vitally important to Western Australia and to the nation

In 2023, Fremantle Port Authority handled over 800,000 twenty-foot equivalent containers, over 31 million tonnes of cargo and trade valued at A$46 billion. That's roughly equivalent to 85,753 tonnes valued at A$126 million a day; it's also equivalent to approximately 3,500 tonnes an hour valued at A$5.25 million an hour. Even a short disruption to operations is very serious from an economic perspective.

About 48% of the import TEU are full of goods as are 30% of the export TEU; the others are empties. The top containerised cargo types at Fremantle are metal manufactures; iron and steel products; machinery; furniture and parts thereof; paper / paperboard / pulp / waste paper; plastic items; household appliances; rubber manufactures; chemicals; animal feed; oats; fruit and vegetables; fresh meat; cereals all kinds.

Fremantle also handles dry and liquid bulk cargo, although this is in considerably smaller volumes than the large dry bulk ports such as Newcastle. Nonetheless, these are still substantial volumes with a substantial A$ value. The volume (mass tonnes) of dry and liquid cargo handled accounts for about 70% of the volume at the port. Liquid bulk in 2022-2023 volumes stood at 7,413,561 (23.7% of total) while dry bulk stood at 14,575,488 (46.6% of total).

Fremantle is also the major WA terminal for the import of vehicular and wheeled machinery (e.g. motor vehicles, agricultural and industrial machinery, other transport equipment etc); there were 113,967 vehicles imported in 2022-23 – roughly equivalent to about 312 vehicles a day.

The port directly and indirectly supports 6,000 jobs, according to Fremantle Ports.

Economic analysis (dated 2020) estimated that, at the Port of Fremantle, each day of industrial action would cause direct disruption to A$59.1m worth of containerised goods and would cause a direct loss to society of A$3m a day. There is a "multiplier" effect – as cargo is not delivered then certain activities that should have occurred, and taxes that should be collected, don't happen. If vessels don't enter or leave, then tugs are not used, nor line boats, nor container terminal operations. Cargo is not delivered, trucking, warehousing, distribution, casual labour gangs and so on, don't work and aren't paid. Goods don't arrive in the right place, at the right time, and time-sensitive events such as conferences, shows, and exhibitions don't go ahead. The effects can be many and legion.

The multiplier effect for the effect on wider society can also be estimated from research. The mean average from several economic reports is that the multiplier societal / economic loss is about 2.3 times the direct loss indicated above. If we then multiply the direct loss as estimated by economists by the multiplier of 2.3x, i.e., using the formula A$3m x 2.3 we can estimate a daily loss to the Western Australian economy of a day of shut-down of at least A$6m a day.

This new figure also does not take into account the fact that longer periods of industrial action, i.e., those that take place over more than one day, are likely to cause compounding effects. It's also an underestimate because (a) the value of money tends to decline over time and the economic analysis report was written about four years ago and (b) it only looked at disruption to containerised throughput and did not take into account dry and liquid bulk throughput.

Consequences – supply and configuration of logistics services

Ships servicing Australia often do so from Southeast Asia, typically trans-shipping cargo via Singapore, Port Klang or Tanjong Pelepas (both in Malaysia), or maybe Laem Chabang (Thailand). An Australian east to west service loop could be something like – Singapore, Brisbane, Sydney, Melbourne, Adelaide, and Fremantle. A west to east loop could start at Singapore and end at Brisbane. In reality, there are many different loops of many different kinds, some calling at New Zealand, some along the Australian east coast and so on.

Had the port been forced to close for both bad weather and a strike then vessels would have converged on Fremantle leading to instant congestion. Bear in mind that, depending on the exact situation, container ships can cost anywhere between US$50 a minute to US$250 a minute to operate. Shipping companies simply cannot afford to have vessels waiting around for days and, as the Fremantle / Southeast Asia route is quite short in ocean shipping terms, ships cannot make up lost time on that route. If rolling were to occur then it is possible that container shipping lines would have been forced to blank and / or omit sailings to / from Fremantle. Vessels already in the area might not call at Fremantle and might drop cargo off in other ports, such as Adelaide or elsewhere.

Consequences – landside cargo handling issues

If there are extreme delays at Fremantle (or indeed at any other major box port in Australia), then container ships might not call at that port and cargo might be directed elsewhere. Typically, cargo that is re-directed to some other port could be trans-shipped by the same shipping company back to the envisaged port of discharge on the next available vessel, but, when the supply situation is tight and high costs are high (including opportunity costs), then consignees might have to bear the cost of moving cargo by land across country to get it to where it needs to be in Western Australia.

Remember too that local trucking markets also have their own dynamics. If trucks suddenly start being booked in large volumes to move cargo long distances across country, and if this situation continues for an appreciable length of time, then the cost of truck freight is likely to undergo rapid price inflation until the trucking market is sold out and there are no more trucks that can be booked at any price.

All of which means that the importers and exporters working out of Fremantle would have faced with delays, higher costs, reduced services and, possibly in the not-too-distant future, extra delays, costs, and less services.

Industrial disruption on the waterfront causes severe landside issues. Goods get “stuck”, which can erode the economic value of the goods (owing to ongoing costs of storage, repeated handling, unforeseen transport costs, etc), perishables can spoil (and then the consignee, or the port, or some other third party now has hundreds to thousands of tonnes of dangerous material to deal with e.g. consider butter and milk – when they spoil, they go rancid, and become (potentially) a breeding ground for dangerous pathogens). It is entirely possible that cargo could be abandoned.

Meanwhile, cargo movements create a many economic activities – trucks are booked, warehouse space is booked, distribution centre space is booked, labour gangs are booked at multiple stages along the chain. If the cargo does not then arrive then usually there are a whole series of no-show fees and cancellation fees that need to be paid and there are other wasted costs. Consider, for example, staff who have been booked for a retailer’s receival depot to unload goods from a container. If they are not sufficiently informed in advance, and if they show up for work, they will still have to be paid at least some labour hours even if there is no work to be done.

That’s a situation that would be repeated across companies, across multiple industries, across multiple sectors.

Meanwhile, commercial relationships can be severely harmed, medicines can be held up, time-sensitive events (shows, conferences, events and the like) cannot go ahead, intermediate industrial input goods (goods used to make other goods) can fall into short supply which could cause production problems, empty containers build up in trucking yards which imposes a wide range of financial costs along with dangerous health and safety issues for yard workers… In short there is a cascading effect across a wide variety of industries, in a wide range of sectors, and in relation to a wide range of issues.

Consequences – empty containers

Containers are vital for the movement of general goods. When emptied, those boxes remain important for the supply chain as a certain amount will be needed to maintain inventory, some will need to be repaired, and, most importantly, the vast majority of boxes need to be returned back to cargo-origin countries for refilling.

If empty containers are not sent to where they are needed (i.e. to the places where cargo needs to be shipped from) then empty boxes start falling into short(er) supply, which cuts capacity and puts upwards pressure on freight rates.

A dangerous set of problem then begins to develop. Boxes start building-up in yards and depots here in Australia.

Eventually, the system gets to the point where everything gets so clogged neither full nor empty boxes can safely be moved and trucking companies, yards, depots and the like all start suspending operations.

A build-up of empty containers in the logistics system is a like a built up of fat in your arteries. Eventually, you’re going to go into cardiac arrest.

So why not just call for shipping companies to call at the nearby local port and just evacuate all the empties? Oh, that’s right, strikes.

A sensible tweak to industrial relations laws

A lot of these issues affecting innocent third parties, i.e. Australian importers and exporters, and ocean shipping companies, can be at least mitigated if the required notice period for industrial action was lengthened from the current three days to at least 28 days.

Three days of notice is way too short (ships loaded with goods are already on their way; both import and export cargo is already in the system and it’s too hard to get it back). Notice of 28 days would give time for most goods in the system, or already on ships, to arrive and be discharged, while shippers and carriers to re-think and re-plan their near-future shipments without incurring undue cost.

It wouldn’t greatly adversely impair the effect of the industrial action – the company targeted for industrial action would still experience reputational issues, adverse publicity, operational disruption and a loss of revenue. But third parties that aren’t taking part in the enterprise bargaining wouldn’t suffer as much as they do now.

Shipping Australia recommends that notice periods should be revised upwards to at least 28 days and calls upon policy-makers to make this change.

The Future of Real-Time Visibility in Logistics

Real-time visibility is no longer a futuristic concept. It's fast becoming the standard for logistics and supply chain operations across the globe. As global networks grow more complex, logistics leaders in Australia and New Zealand are facing a new imperative: turning data heavy environments into decision ready systems. But what's next for a sector where timing and accuracy are everything? These four shifts are redefining what visibility means for the future:

From Data Delays to Real-Time Decisions

The old model of visibility depended on post event reports, which were useful for reflection but not for rapid response. With the rise of live interfaces and smarter systems, that reactive model is giving way to real-time decision making. The next wave of logistics capability will require investment in digital infrastructure, advanced tech platforms, and teams equipped to move at speed.

Connected Ecosystems, Not Siloed Systems

Visibility relies on collaboration, and in the years ahead, interoperability will matter more than individual platform strength. It's no longer about having the best system, but about building an ecosystem where tools work together. APIs, data standards, and seamless integrations are enabling a more connected supply chain that is built for adaptability, resilience, and shared insight.

From Information Overload to Insightful Action

The volume of available data has never been higher, but raw data alone doesn't deliver outcomes. The advantage now lies in tools that prioritise, interpret, and surface what matters. With automation, AI, and predictive analytics, logistics teams can move from slow analysis to fast, confident decisions, turning insight into impact under real-world pressure.

Why Regional Nuance Still Matters

Australia and New Zealand bring distinct challenges to logistics, including vast distances, dispersed urban centres, and port heavy operations. In this context, real-time visibility becomes more than a strategic advantage. It is essential for reducing delays, improving handovers, and maintaining competitive performance. It's no longer a bonus; it's expected.

Building the Future with OneStop

At OneStop, we're not just talking about visibility. We're delivering it. Our mission is to make real-time visibility accessible, practical, and tailored for the evolving demands of modern logistics. With faster insights, smarter decisions, and seamless coordination across the supply chain, we're helping operators build confidence and a more intelligent future.

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Trump's tariffs turn trade topsy-turvy

U.S. President Donald Trump's trade policies in his second presidency have caused a fair bit of upset and confusion, it is fair to say.

A tariff is generally considered to be a tax imposed on goods and services imported from another country. Typically (but not always) the burden of tariffs usually falls upon the final users (businesses or consumers) of the country that imposes the tariff.

That tariffs are close to President Trump's heart is undeniable.

"I will immediately begin the overhaul of our trade system," the President said during his Inaugural Address on 20 January 2025, "Instead of taxing our citizens to enrich other countries, we will tariff and tax foreign countries to enrich our citizens… It will be massive amounts of money pouring into our Treasury, coming from foreign sources".

There's a lot to go through, so we'll pick out a couple of key developments.

The new administration kicked off the new trade policy on 01 February 2025 with tariffs on China, Canada and Mexico. Other countries and regions were then subjected to tariffs, there was a lot of retaliation, which was followed by a whole range of changes (tariff increases, decreases, pauses). Then, on 02 April, there was a declaration of a U.S. national emergency that required the imposition of a 10 per cent tariff on virtually all countries.

We've skipped an awful lot of developments here – the Peterson Institute for International Economics has detailed over 60 sets of tariff and trade related policy news and declarations since the second inauguration of President Trump.

Economics of these tariffs are not favourable

These policies have not won favour with economics and trade experts, with the U.S. Tax Foundation reckoning that the tariffs will cost 0.8%of U.S. GDP and will cull over 700,000 U.S. jobs. Investment bank J.P. Morgan is forecasting a 1% cut to global gross domestic product, adding that the policies are depressing business sentiment.

Ernie Tedeschi, Director of Economics at The Budget Lab at Yale commented during a media briefing at the Port of Los Angeles that: "Tariffs would raise average prices by 1.5%, a loss in purchasing power of nearly $2,500 per household per year". He added that shoes, apparel, and consumer electronics will see double-digit percent price increases.

The U.S. Chamber of Commerce has also decried the tariffs: "The U.S. should

Pictured: the second inauguration of U.S. President Donald Trump, which took place on 20 January 2025. Photo credit: US Congress.

reject broad-based tariffs as a policy tool given the substantial economic harm they impose on American workers, farmers, businesses, and consumers… broad-based tariffs impose substantial costs on the United States, and their use will backfire on the U.S. economy… Broad-based tariffs hurt U.S. manufacturers far more than they help. Approximately 56% of all U.S. imports are raw materials, components, and capital goods used by domestic manufacturers. A large share of these imports simply are not available domestically in sufficient quantities or at reasonable cost".

Tariffs and trade volumes

It's hard to work out what all of this trade policy uncertainty has done to cargo volumes. Cargo volumes have variously surged and stalled as shippers appear to be trying to exploit windows of lower-cost opportunity to move goods during the various trade pauses and retreats.

Case in point: during the research and writing of this article in mid-June 2025, a major container shipping line is reporting that ocean volumes from Asia to the U.S. are on the rise following a 12 May tariff adjustment by Presidential Executive Order. This surge is putting pressures on U.S. West Coast terminals and inland networks, which inevitably causes costs and delays.

Carriers have been reported by trade media as reinstating blanked voyages and launching new services on the trans-Pacific to take advantage of a 90-day U.S.

That said, there is lower import throughput at the Port of Los Angeles for May 2025, and that trade fall-off is being attributed to U.S. trade policy.

"The Port of Los Angeles processed 716,619 Twenty-Foot Equivalent Units (TEUs) in May, 5% less than last year. After 10 straight months of year-over-year growth, overall cargo volume slowed due to the impact of tariffs on both imports and exports. May marked our lowest monthly cargo output in over two years," said Gene Seroka, the Port of Los Angeles Executive Director. "While May volume is typically stronger than April as we approach our traditional peak season, our imports dropped 19% compared to last month," he added.

Simon Hearney is an internationally-regarded analyst focused on the container trades at Drewry Maritime Advisors who reviewed the trade effect of the tariffs.

"The so-called 'Liberation Day' tariffs announced by US President Donald Trump very quickly resulted in reduced container imports to North America, according to the latest from Container Trades Statistics Limited (CTS).

CTS' numbers for April showed that North America's total loads decreased 2.9% YoY, with imports to the region down 4.7%, offset to a degree by a 1.1% uplift for exports.

The erratic trade policy of the White House – the very high US 'reciprocal' duties from early April are currently on pause – has disrupted traditional planning cycles and undermined forecasting reliability. In April, Drewry Shipping Consultants Ltd's outlook for global port throughput (including loaded traffic, transhipment and empties) 2025 was downgraded to -1.0%, but following the trade 'truce' has since been upgraded to +1.9%.

Loaded traffic for North America will be higher up the rankings when May's data is revealed. A demand surge triggered by tariff pauses and reductions, combined with capacity cuts from prior lower demand expectations, has seen spot rates from Asia to North America soar."

We can summarise all this for you: U.S. tariff policy has turned North American trade into a mess.

U.S. tariffs over time

President Trump has long been a fan of tariffs – he imposed tariffs on a wide range of goods and products in his first presidency (2017 to 2020). Tariffs include (but are not limited to) tariffs on solar panels, washing machines, steel, aluminium, and a wide range of goods from China.

Such tariffs led to a range of retaliatory actions other countries, sparking of a U.S. / China trade war. The tariffs and trade wars were generally regarded as being harmful to the economy of the United States. In "The Impact of the 2018 Tariffs on Prices and Welfare", Amiti, Redding, and Weinstein (2019) pointed out that "the full incidence of the tariffs has fallen on domestic consumers and importers so far, and our estimates imply a reduction in aggregate US real income of $1.4 billion per month by the end of 2018". Meanwhile, Chow & Sheldon found in 2021 that U.S. consumers were bearing a $51 billion cost in increased prices and a net loss of $7.2 billion to the U.S economy.

The Trump Administration has denied that the first term tariffs were economically disadvantageous to the United States.

Incidentally, for the purposes of balance, we should point out that the President Biden administration also imposed and / or raised a stack of tariffs too – on solar cells, lithium-ion electric vehicle batteries, Chinese steel, aluminium and medical equipment. Some U.S. economic commentators refer to these policies as the Trump-Biden tariffs.

Historically, the U.S. has long put tariffs at the heart of its economic policy, and, incidentally, right from the early days there was a commercial maritime connection.

You'll find that the next bit of this article sounds remarkably familiar. And, if it doesn't, go away and read our article in this magazine of the President Trump-appointed U.S. Trade Representative, and then come back.

The U.S. Constitution came into effect in March 1789 and then, in mid-July 1789, there was an "Act Imposing Duties on Tonnage". All vessels entering into the U.S. owned by U.S. citizens were subject to a rate of six cents per ton; ships built in America but belonging to foreigners, 30 cents per ton; and all other ships 50 cents per ton. Foreign owned / built vessels in the coastal trade had to pay 50 cents per ton but U.S. built and owned vessels were exempt.

The Tariff Act of 1789, which was sponsored by U.S. Founding Father James Madison, was one of the first major pieces of legislation of the new country. It imposed a duty that taxed imported goods at 5% of their value, alongside a range of specific duties on specific products.

Tariffs were used to underpin U.S. finances for a long time thereafter. Between 1798 and 1913, tariffs accounted for 50% to 90% of U.S. federal income, according to the U.S. investment bank, JP Morgan. U.S. policy of the last few decades was to generally reduce tariffs over time – at least until the first presidency of President Trump.

Huge fees to be imposed on shipping into the United States

Shipping is set to be slugged with a massive set of fees later this year because of a new policy push by the President Trump-appointed United States Trade Representative, a specialised trade agency of the US Federal Government.

The Trade Representative stunned the shipping industry with notice of some truly spectacular fees in February 2025 and then re-stunned the industry on 17 April this year. We're going to keep this relatively high level, as it's all horribly complicated. Interested readers are directed to the 17 April 2025 notice by the US Trade Representative for precise details.

China-owned or operated

A fee based on the net tonnage of a vessel will be applied to any ship that is Chinese-operated or owned; the fee will be applied per rotation or string of port calls (i.e. it won't be applied on a per port call basis). The fee will be US$0 for the first 180 days, will rise to US$50 per net ton and then will increase over the next three years.

A "vessel operator" is defined as the entity identified as such on the US Customs documents. The definition of a Chinese "operator" or "owner" is very wide and would appear to cover both direct and indirect ownership and control. It includes such concepts as citizenship of China, having headquarters in China, companies being controlled by Chinese citizens, having at least 25% of a company's voting interest being held indirectly by Chinese governments, and more.

Phased fee on Chinese-built vessels

One of two fees, whichever is the higher, will be imposed. Either it will be a fee based on the net tonnage of a vessel, or a fee based on a container. Fees will be applied per rotation or string of port calls (i.e. it won't be applied on a per port call basis) and fees will be set at US$0 for the first 180 days and will increase over three years. Fees based on net tonnage will start at US$18 per net ton (once the 180 day period expires), and fees per container will start at US$120 (once the $0-rated period expires). Fees per NT will increase by $5 NT per year, and fees per container will increase by the same proportional amount e.g. in year two, the container fees will increase to US$154 per container).

Some vessels will be exempt e.g. ships enrolled in certain US Maritime Administration Programmes, vessels arriving empty or in ballast etc.

Containers and container equipment

Meanwhile, container equipment of various kinds will also be hit with fees. Containers, chassis (i.e. load-bearing framework), and chassis-parts (various), will be subject to a 20% to 100% fee. Meanwhile, ship-to-shore gantry cranes will be hit with a 100% fee.

Car carriers are targeted too

Car-carrying vessels that are non-United States built are, as at the time of writing, due to be hit with USD$150 per Car Equivalent Unit. However, the chargeable basis for the fee for car carriers might swap from Car Equivalent Units to net tons as that's under review right now.

A U.S. built vessel must be (1) built in the US (2) documented under the laws of the US (3) have all major components of the hull or superstructure manufactured (including from the initial melting stage) in the US (4) a list of components, such as shipboard anchor, air circuit breakers, machine tools, auxiliary equipment and more, are built in the United States.

The U.S. Trade Representative states that the fees are "not cumulative" and that "if any fee is applied, only one fee will be applied".

LNG targeted

Reservation of exports of Liquefied Natural Gas to United States built vessels will slowly be phased in. After three years, the US Trade Rep would require the use of US vessels (US flagged and operated) for the maritime transport of LNG exports. In 2029 and 2030 this would be one percent; two percent in 2032; three percent in 2033 and 34; and then rising increments of one percent every one or two years until 15% is reached in 2047. In 2024, the US exported 11.9 billion cubic feet per day of LNG (about 336.97 million cubic metres), according to the US Energy Information Administration. Australia and Qatar are the world's two next-largest exports with exports of about 10.2 Bcf/d to 10.7 Bcf/d, according to the US EIA.

Why port call fees are being imposed

In the end-days of the US President Biden Administration, several manufacturing-focused labour unions sent a petition to the previous U.S. Trade Representative calling for relief from what they alleged were China's unreasonable policies in the maritime, logistics, and shipbuilding sectors. Commenting that the US commercial shipbuilding industry is "a shell of its former self", the unions alleged that the biggest obstacle to the recovery of the industry in the United States are the policies of China.

"The Government of China's drive to dominate the global shipbuilding, maritime, and logistics sector is built on non-market policies that are far more aggressive and interventionist than any other country. As a result, China has seized market share, suppressed prices, and created a worldwide network of ports and logistics infrastructure that threaten to discriminate against U.S. ships and shipping companies, disrupt supply chains, and undermine vital national security interests. China's aggressive intervention in these sector[s] is unique among countries – and the distortions to the global market for commercial vessels, maritime shipping, and logistics that result require that China's actions be addressed," the petition reads.

The unions requested that ships made

Pictured: the U.S. Capitol Building. The U.S. Congress passed the Trade Act in 1974, which enables the U.S. Trade Representative to take countermeasures against foreign economic policies. Photo credit: Louis Velazquez via Unsplash.

in China be subjected to a port fee, that there be support for demand for U.S. built vessels, and that there be a fund for revitalising U.S. shipbuilding, among other things.

So, cutting a long story short, the U.S. Trade Representative investigated then, in early January 2025, concluded that China had, in fact, targeted the maritime and related sectors for dominance, had employed "increasingly aggressive and specific targets" and had achieved dominance thereby disadvantaging U.S. companies, workers and the U.S. economy.

Sections 301 to 304 of the United States' Trade Act (1974) allow the U.S. Trade Representative to tackle unreasonable policies that burden or restrict U.S. commerce and to engage in a range of countermeasures. One of those countermeasures is the imposition of fees.

Ergo, the fees as listed above are due to be imposed according to the various rules in force at the time of writing.

Industry reaction

Apart from the labour unions and various other organizations, the industry response from around the world and across different sectors (shipping, ports, analysts and the like) was… well, pretty dramatic. After the first notice was put out, words like "disastrous" and "catastrophic" were bandied about.

Since then, and since the April 2025 revision, the rhetoric has been toned down a bit, well a little bit anyway. Still, the industry has grave reservations.

Case in point: the International Chamber of Shipping, a global industry body with members from across the world and a range of sectors, warned that the new fees on existing ships that happened to have been built in in China "could significantly damage U.S. export competitiveness and raise prices for U.S. consumers".

Meanwhile, the ICS argues, the measures imposed on foreign-built vehicle carriers and liquefied natural gas carriers risk: "undermining the shipbuilding capacity of U.S. allies and raises concerns about U.S. national security, while China's relative competitiveness in these segments continues to grow. While ICS welcomes the objective of increasing U.S. shipbuilding capacity, the liability periods outlined in the Notice risks hindering the expansion of U.S. exports of automobiles, construction machinery, heavy equipment and LNG, as it will take considerable time before vessels with adequate specifications can be built at competitive prices in the U.S."

Incidentally, the argument that the U.S. cannot build a range of vessels at the moment is one that's been often expressed and some fairly strongly-worded comments have been made about the ability of the U.S. to build such vessels at a competitive price.

Meanwhile, several commentators have also expressed reservations at the concept of imposing fees on vessels that have already been built on the grounds that such fees are retrospectively punishing decisions taken some time ago.

"Annexes I and II [of the 17 April notice] for instance, impose retroactive fees on vessels ordered years prior to this determination, disproportionately affecting historical commercial decisions", the Asian Shipowners' Association argues.

It's a fair point – imposing fees on existing vessels is effectively punishing the companies for investment decisions made some time ago when buying China-built ships was unobjectionable. Another aspect is that the imposition of fees on existing China-built ships does not reduce the market share of China, nor counter any alleged domineering practices; only fees on future-built ships could do that by creating an incentive not to use Chinese yards.

And finally, the World Shipping Council, a major international shipping association – and one that happens to be based in the U.S. – has echoed these concerns.

"Applying fees to vessels that are already on the water offers no support for U.S. shipbuilding and, instead, risks harming American exporters — particularly farmers — at a time when global trade is facing significant strain," the Council said. It argued that other pathways, such as targeted investment incentives, infrastructure improvements, and streamlined regulatory processes, could deliver benefits without disrupting U.S. trade or raising costs for American producers and consumers.

Pictured: the Strait of Hormuz, which is probably the world's most vital waterway. Photo credit: NASA.

Missile bombardments bring Israel-Iran covert war into the open

Israel attacked Iran with missiles in early-June 2025 with the stated goal of preventing the acquisition of nuclear weapons. Iran very shortly thereafter launched retaliatory missile strikes. Hundreds of people have died. Many hundreds more have been reported injured, as at the time of writing.

The Israel / Iran conflict is not new and has arguably been going on as a proxy conflict for many decades with assassinations, missile strikes, and supporting of armed groups. Fears have been expressed of a broader conflict igniting as a consequence of the latest missile strikes.

Such a tragic and epic conflict is far beyond the scope and comprehension of this magazine to discuss; we will focus on shipping security, global economy and trade related matters.

On the day of the first attacks, there was no reported impacts on shipping although risk consultants warned of potential electronic interference. Some four or so days later and the Joint Maritime Information Centre of the Combined Maritime Forces, a 46 nation naval-partnership, has stated that it is receiving reports of "significant" electronic interference with ships in the southern parts of the Persian Gulf. Such interference includes AIS spoofing and "extreme jamming", with official advice that mariners navigate by other means such as radar and visual fixes.

Other than the electronic interference issues, there does not appear to be (at mid-point of June) any confirmed indications of an immediate threat to maritime traffic.

Qatar and the UAE can effectively only export gas via the Strait of Hormuz, a roughly U-shaped waterway between the Omani exclave of Musandam and Iran, that is about 39km wide at its most narrow point between Oman's As Salamah Archipelago and Iran's Larak Island.

Navigation through Hormuz is generally limited to two 3km wide channels, each used for traffic in one direction each way, according to maritime experts Dr. Jean-Paul Rodrigue and Dr. Theo Notteboom. The Strait handles about 34,000 transits each year, the good doctors explain.

Meanwhile, according to Drewry Maritime Advisors, Qatar exported about 81 million tonnes of Liquefied Natural Gas through Hormuz, and the UAE exported 4 million tonnes, in 2023. That's about 21% of global supply. Meanwhile, according to the U.S. Energy Information Administration, about 21 million barrels of crude oil went through Hormuz every day, which is about a quarter of the total supply of global seaborne traded oil.

All of us, every one of us, everywhere on the planet, depends on continued flow of that seaborne trade.

There has been a lot of speculation – mostly it seems by financial analysts and media types, that shipping could somehow be prevented from using Hormuz. It should be noted that, as of 16 June 2025, the Joint Maritime Information Centre reports, and we quote exactly: "The Strait of Hormuz remains open and commercial traffic continues to flow. While there remains a media narrative on a potential blockade of the SoH. The Joint Maritime Information Centre has no confirmed information pointing towards a blockade or a closure but is closely monitoring the situation."

Whether closure is do-able will depend upon the reaction of the United States, which bases the U.S. Fifth Fleet – a battle formation including a carrier strike group (sometimes comprising two carriers) – in Bahrain under U.S. Naval Central Command, a component command of the U.S. Central Command.

The literal number one command priority of U.S. CentCom as listed on its public facing website is to deter Iran and to counter activities that would de-stabilise global commerce. And then there's also the assets and crews of the allied nations of the Combined Maritime Forces, which works to ensure collective maritime security in partnership with U.S. CentCom.

If anyone were to seriously attempt the closure of Hormuz, then that would be… serious.

That said, any attempt to close Hormuz seems unlikely. As we've implied above, there is a considerable counter-closure naval force in the area and the political and military penalties for attempting to close that waterway would be high, really high. Whoever tries to do it would be basically poking a stick in the eye of just about every other nation on Earth.

In any case, we've sort of been here before. Warring belligerents have tried to stop ships using Hormuz in the past and it didn't work back then.

Between 1984 and 1988 there were a series of naval and aviation attacks on commercial tankers in the Persian Gulf. Attacks were begun by the military forces of Iraq and these tactics were later followed by Iranian military forces. Iraq and Iran were, at that time, fighting a local war. Tankers (and other ships) were attacked with missiles (surface to ship, surface to air), helicopters and mines. Numerous tankers were attacked with various missiles and bombs and suffered a variety of harm including minor damage, severe damage, being set on fire, being run aground, and being sunk.

The Robert Strauss Center for International Security and Law at the University of Texas noted that, although this so-called Tanker War led to a 25% drop in commercial shipping and a rise in the price of crude, it "did not significantly disrupt oil shipments… and the real global oil price steadily declined".

Ocean going shipping did not stop, and was largely not severely disrupted by, the Tanker War despite being targeted for missile attacks and aerial by two highly-aggressive powers in a confined and narrow waterway over a four-year period.

The fall-outs of this conflict are legion.

Oil and gas prices are rising on the back of the conflict.

Some obvious impacts – energy prices fundamentally underpin global economies. If energy prices rise, well, it puts upwards pressure on inflation. Incidentally, talking of energy price inflation, it's worth noting that the EIA reckons that about 83% of the crude oil and condensate that passed through Hormuz when to Asian markets, particularly China, India, Japan and South Korea. If the flow of that energy is substantially disrupted – by, say, ongoing missile strikes on oil and gas facilities in the region – then those Asian buyers might turn to other sources of oil and gas thereby bidding up the price of non-Persian Gulf stocks.

And who knows how it will affect interest rates in different countries around the world. Some economists argue that there won't be much of an impact (at least in the short term), while others say the exact opposite.

Anyway, back to shipping. Just over 99% of the current world fleet is fossil fuel powered, according to DNV. Those ships burn about 350 million tonnes a year of various fuel oils, the IMO reckons. A quick squint at fuel prices on Ship & Bunker reveals that bunker fuel prices have increased by quite a few dollars in just about every category of fuel, just about everywhere a mere few days after the attacks.

Except for methanol. It's falling in price in Singapore and Houston as at the time of writing.

Meanwhile, the outbreak of the (current) conflict has prompted currency traders to pull their horns in, and to flee to less risky assets i.e. the U.S. dollar. The Aussie-Greenback rate changed. Interpretations of this change differed. Some commentators said the Australian dollar dived. Others said the U.S. dollar rose by a "smidgen". Anyway, the Aussie lost 1% within a few hours on the morning of the strikes.

According to the Reserve Bank of Australia, depreciation of the Aussie dollar means that the goods we export become cheaper overseas and so become more competitive. But imported goods become more expensive, thereby contributing to inflation. Bad news for everyone's hip pocket, but particularly bad for the shipping and logistics industries as Australia imports so much in the way of intermediate and consumer goods, and, in an indirect way, bad for jobs.

Shipping Australia statistics show why: in the 2024 calendar Australia exported about 1.94 million twenty foot equivalent units of containerised goods. In the same period, we imported about 3.92 million TEU.

We can only presume that if everything gets more expensive because of fuel price inflation, general inflation, and an adverse currency exchange, that demand for goods imported into Australia will fall.

That would logically result in less container trade, and probably breakbulk and vehicular trade too. This is bad for nearly everyone. A 2017 study by the Department of Foreign Affairs and Trade demonstrated that one-in-five jobs depend upon Australia's international trade. Today, according to the ABS, there are just under 14.6m employed Australians. If that 1-in-5 ratio holds true, then that's just over 2.9 million Australian jobs that are a little less secure than they were a few weeks ago.

Pictured: an image that is purported to be the aftermath of an Israeli missile attack on Tehran, Iran, in June 2025. Owing to war, Shipping Australia cannot verify the accuracy of this picture i.e. if it does actually show an attack on Iran in the current conflict. Photo credit: Avash Photo.

IMO approves world-first framework for net zero greenhouse gas emissions

Government delegates to the International Maritime Organization have progressed the shipping industry's plan to get to net zero greenhouse gas emissions by agreeing a world-first set of mandatory emissions limits and greenhouse gas pricing across a whole sector.

The IMO's Maritime Environment Protection held a rare, formal, vote with the outcome being that the majority of countries were in favour of the new framework.

Addressing the Committee at the end of the week-long meeting, the IMO Secretary General, Arsenio Dominguez, congratulated the dignitaries.

"The approval of draft amendments to MARPOL Annex VI mandating the IMO net-zero framework represents another step in our collective efforts to combat climate change, to modernize shipping and demonstrates that IMO delivers on its commitments… we have an agreement on the basis on which we can work".

Class Society Lloyd's Register commented that it is likely that a "second vote will be held at the extraordinary session [of the IMO] in October where a 2/3 majority of the MARPOL Annex VI parties will need to vote positively for the regulations to enter into force".

If that vote passes, then the new measures will enter into force in March or April 2027

Delegates to the IMO have voted-in the IMO Net Zero Framework, which will be included in a new Chapter 5 of Annex VI (Prevention of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships (which is known as "MARPOL").

Global shipping is subject to a requirement to cut the sector's carbon intensity (defined as carbon dioxide equivalent emissions per transport work done) by at least 40% by 2030 as compared to 2008, and to have net-zero shipping by, or about, 2050. The requirement was adopted at the IMO in July 2023 at MEPC 80.

The new measures, assuming they are formally adopted in October 2025, will become mandatory for ocean-going ship over 5,000 gross tons in 2027. These vessels emit 85% of the total carbon dioxide emissions from international shipping. There are some exceptions, e.g. for ships solely operating in the waters of their flag states, ships not propelled by mechanical means, and various others.

Global fuel standard

A new global fuel standard will be created. We go into it in a bit more detail in our other article, but, in essence, ships have to work out how much greenhouse gas pollution is emitted from all the different types of fuel that they have burned, alongside all the emissions involved in producing and transporting the fuel to the ship. And that's then all divided by the total amount of energy used in a given reporting period.

This is the "attained" Global Fuel Intensity indicator (GFI). Once ships have calculated that GFI, they have to meet and preferably beat a reference benchmark. That benchmark is based on the average of the 2008 fleet, and, here's the key point, the benchmark gets tougher to meet every year until it reaches about zero in about 2050.

Global economic measure

The second main part of the new measure is that ships that beat the target generate credits called "Surplus Units" that can be transferred to ships that don't beat the target. Ship operators can transfer Surplus Units across ships in their fleet, bank Surplus Units for use in later years, or *sell them to other operators*. We understand that the price of Surplus Units will be determined by the market.

Alternatively, non-compliant ships can buy "Remedial Units" from the IMO Net Zero fund.

It's clear that the intention here is to make greener ships cheaper to operate over time and more conventionally powered ships more expensive to operate over time, especially as ships that initially meet the targets now might not meet the target in the future. It's likely that such a system will create incentives to operate conventionally powered ships in a less fuel-thirsty manner (maybe by slowing them down, adding gadgets like Mewis ducts etc). And it's possible such a system could push older ships into the scrapyard sooner than initially planned. It will also create disincentives to buy conventionally powered ships in the future and incentives to buy greener ships.

Pictured: the IMO Headquarters in London. Photo credit: Lord Harris via Wikipedia Creative Commons Licence 4.0.

Pictured: bubbles of carbon dioxide suspended in a transparent fluid. Photo credit: Michaela via Pixabay.

Explainer: how the IMO plans to decarbonise the industry

A draft new fuel standard has been voted upon by the IMO to help the shipping industry decarbonise; a further vote will be needed to bring the new rules into force. In this article we explain, in rough terms, how the global fuel standard is calculated and how it will cut pollution.

Incidentally, we wrote an overview of the development in our article: "IMO approves world-first framework for net zero greenhouse gas emissions". Read that article for a bit of an overview.

Warning: Greek letters in a mathematical formula!

We'll have a go at translating the mathematical formula for carbon fuel intensity to something a more understandable by the average person. The following explanation might not satisfy mathematics professors, but it's roughly correct.

Ships will need to work out the greenhouse gas intensity for each fuel that the ship has used. This is done figuring out how many grams of greenhouse gases are emitted per megajoule of energy provided by the fuel. We can call this number the GHG intensity.

Ships then multiply the GHG intensity by the amount of energy used by the ship from the fuel.

This process is repeated for each type of fuel used by the ship.

Ships then add up all the different emissions from the different fuels and divide it all by the total amount of energy used by the ship in a given reporting period – such as a calendar year.

Mathematics gobbledygook

So, if you're an engineer, math professor, or academic, and you're jumping up and down in rage at the inaccuracy of the previous statement(s), remember, it's not aimed at you. If you want a more accurate explanation, the GHG Fuel Intensity standard is a weighted average of a ships' energy sources in the form where:

$$\frac{\sum_{j=1}^{J} EI_j \times Energy_j}{Energy_{total}}$$

… and where ELj is the greenhouse gas intensity of energy source j expressed as:

$$EI = \frac{gCO_2eq}{MJ}$$

Additionally, "j' is the energy source (i.e. the fuel); "Energy total" is the total amount of energy used by the ship in a given reporting period.

The greenhouse gas intensity of the energy sources used is defined as the grams of carbon dioxide equivalent, so it captures gas emissions that have a greenhouse effect from gases other than carbon dioxide, such as methane or nitrous oxides. These calculations are all done on a well-to-wake basis, which means that all emissions associated with the production and transportation of the energy source right through to the burning of the fuel onboard, will be accounted for. The energy source will have to be assessed and certified by an IMO-recognised fuel certification scheme.

Targets

This "attained" fuel intensity is then compared to an annual target. That's going to be a percentage reduction factor of the fleet average in 2008, which is stated to be 93.3 grams of carbon dioxide equivalent per Megajoule. There are two sets of targets, a "Base" and a "Direct Compliance: target as follows:

Year	Direct target (with ref to the 2008 fig of 93.3 gCO2eq/MJ	Direct target (with ref to the 2008 figure of 93.3 gCO2eq/MJ)
2028	-4%	-17%
2023	-6%	-19%
2030	-8%	-21%
2031	-12.4%	-25.4%
2032	-16.8%	-29.8%
2033	-21.2%	-34.2%
2034	-25.6%	-38.6%
2035	-30%	-43%

The Base target for the year 2040 is set at -65%.

Meeting targets and the Global Economic Measure … earning credits

When a ship beats the Direct Compliance Target then it need take no further action to receive certification. It will also receive credits called "Surplus Units" expressed in tonnes of CO2 equivalent. Surplus Units can be sold, or banked (for use within two years), or used. We understand that the price of Surplus Units will be determined by the market.

If a ship beats the Base Target, but does not beat the Direct Compliance Target, then it has not complied. It will generate a Tier 1 Compliance Deficit.

If a ship does not beat the Base Target then it has not complied. It will generate both a Tier 1 Compliance Deficit and also a Tier 2 Compliance Deficit i.e. two deficits for the price of one non-compliance!

When ships don't beat the target then they have to "balance" the deficit by, you guessed it, getting their hands on an offsetting credit. We've discussed one of these – the Surplus Units. Operators can draw upon any Surplus Units that have been generated by another ship – whether those Surplus Units are drawn from the operators' own stock (provided they're less than two years old), generated by another ship in its fleet, or bought from the open market. There's a twist in the tail though… ships can only use Surplus Units to offset Tier 2 Compliance Units.

Ships can also offset Tier 2 Compliance Units by buying Remedial Units from the soon-to-be-established IMO Net Zero Fund (for more, see below). Both Tier 1 and Tier 2 Deficits can be offset with Remedial Units but, in yet another twist, there will be two different prices. Tier 1 Remedial Units will cost US$100 per tonne of CO2eq. Tier 2 Remedial Units will cost US$380 per tonne of CO2eq.

"The regulations are designed in this manner so that most ships will use sufficient low-GHG emission fuels to reach the Base target and then buy Tier 1 RUs. Alternatively, they can buy SUs to cover the Tier 2 compliance deficit and then acquire Tier 1 RUs. This ensures that a certain amount of revenue is generated for disbursement purposes, while ensuring that the fleet achieves at least the Base target," Class Society DNV explains.

IMO Net Zero Fund

Additionally, delegates to the IMO MEPC have authorised the creation of a "Net Zero Fund" that will collect pricing contributions from emissions. According to the IMO, these revenues will then be used to reward low emissions ships; support a variety of programs in relation to innovation, research, or infrastructure; fund training, technology transfer and capacity building; and mitigate negative impacts on vulnerable countries. Revenues will not go to IMO Member States but will be paid by the shipping company directly into the IMO Fund.

Rules tackle a twin policy problem

This is all pretty complicated and clever stuff. The rules have clearly been designed to tackle a twin problem – what do to about the existing fleet of conventionally-powered ships, and what to do to influence the choices of ship-owners into buying alternatively-powered vessels in the future.

Despite action being taken around the world by ship owners, ship operators, policy institutions (like the IMO), shipper organisations and so-on, the world fleet as a whole remains stubbornly conventionally-powered. According to Class Society DNV, about 99.08% of the current world fleet in operation today is conventionally powered. Only about 0.92% is alternatively fuelled.

Yes, there have been lots of initiatives and announcements of ships that will run on new fuel, and the orderbook for new ships really does show that. But


Pictured: inside the main assembly hall at the IMO. Photo credit: IMO.

it's still relatively small. Today, 82.77% of all ships on order (i.e. yet to be built) are conventionally-powered and 17.23% will be alternatively powered (and the majority of those will be liquefied natural gas-powered ships, which is still substantially a hydrocarbon fuel).

Yes, there have been lots of announcements by the bigger ship owners and operators. But even the biggest corporate fleets are tiny when compared to the size of the world fleet. We have recently heard of a corporate shipping fleet (chartered and owned) that's about 900 vessels strong, which is a huge fleet. But given that the total world fleet of ocean going cargo ships (*note: seagoing, over 1,000 gross tons, propelled; Source Table II.6, UNCTAD Review of Maritime Transport 2024) is just over 58,000 ships, even that large corporate fleet is tiny in comparison, accounting for just under 1.55% of the world fleet.

The world fleet is aging too. Most vessels across the different sector types (bulkers, boxes, general, tankers, other) are over 15 years. A very substantial minority (i.e. just shy of 50%) are more than 20 years old. Older ships are more fuel inefficient ships – ships naturally become more power hungry / fuel inefficient over time owing to increasing wear and tear on engines, hulls, and machinery. And greater fuel inefficiency means greater fuel consumption which means, in turn, more greenhouse gas emissions.

The new IMO rules ought to, in theory, tackle this twin-problem by encouraging ship owners to buy greener ships and by inducing older vessels to hit the scrapyard.

Likely effect on the shipping fleet – older ships will be forced out of service, newer ships will be greener

The implications of the new rules are that it will be harder and harder for ships to meet the Direct Compliance Target – but, of course, that won't be a problem for a net zero ship e.g. one that's powered by bio-methanol, ammonia, or by bio/ synthetic LNG (provided all the fuel was manufactured in a green way). Such vessels presumably ought to be beating the Direct Compliance Target and should generate a solid stream of Surplus Units.

Ships that cannot meet either or both of the Base or Direct Compliance targets by themselves will become more and more expensive to operate over time as they will need to acquire more and more Surplus Units from greener ships or Remedial Units from the IMO Net Zero Fund so as to offset their deficits.

Conventional ships will, in effect, start to subsidise green ships. And, ships that can't meet the Base Target are going to be penalised heavier and faster compared to ships that can meet the Base target but not the Direct target. Remember: this is going to be an increasing cost. More ships fall into a bigger Deficit each year because the targets are designed to become more difficult to meet and more expansive over time. More ships will also fall into Deficit, or will incur bigger Deficits (or both), because ships naturally become more power hungry / fuel inefficient over time owing to increasing wear and tear on engines, hulls, and machinery.

It's commonly said that ships have a life of 25-ish years (although there are some vessels in service, particularly the North American Great Lakes fleet, that are a lot older). Ships that are nearing the end of their service life, but which are not yet at the end of their service life, would normally still have a few years worth of trading in them. Compared to newer vessels, such ships are generally more expensive to run (they have more maintenance demands, use more fuel, need more crew and so on). If these new rules come into force and the elderly ships start generating Tier 1 and Tier 2 Deficits, then would-be buyers in the second-hand market are likely to stop buying these kinds of ships because they will be too expensive to operate. Would-be sellers who are unable to find buyers may also find that these older ships are so expensive to operate that they may choose to send the old ships to the scrapyard instead of continuing to trade.

These economic incentives are only going to grow stronger over time as more and more conventionally-powered ships generate bigger and bigger Tier 1 and Tier 2 Deficits.

Meanwhile, companies that want to build new ships will have two sets of very powerful incentives – a strong incentive to order green ships and a strong incentive not to order conventionally-powered ships.

This new target-surplus-credit system is likely to cause the new building, second-hand, and scrapping markets to force conventionally-powered ships out of service over time.

“Huge wave” of High Seas Treaty ratifications

By SHIPPING AUSTRALIA

Pictured: national flags outside the UN headquarters, New York; Photo credit: Anfaenger via Pixabay.

A swathe of countries from around the world have ratified the High Seas Treaty, which is (or will be) a new international treaty aimed at preserving biodiversity in the high seas beyond the jurisdiction limits of countries.

Countries from Africa, the Pacific, the Middle East, Europe, the Caribbean, and Asia announced their ratification, bringing the total number of ratifying countries to 49. The Treaty only needs 60 ratifications to enter into force. Following 60 ratifications, the High Seas Treaty will enter into force after 120 days.

“Today’s surge of ratifications for the High Seas Treaty is a tidal wave of hope and a huge cause for celebration”, said Rebecca Hubbard, Director of High Seas Alliance. “This marks a powerful victory for everyone who worked relentlessly to put High Seas protection at the heart of the global environmental agenda.

“Ratification” may mean slightly different things in different countries but, generally, it means when nations officially consent to incorporating the treaty into their domestic law. In Australia this generally means that the treaty is enacted as a domestic law by the Federal Parliament, and then some kind of instrument (e.g. exchange of diplomatic notes) are used to bring the treaty into force.

About the High Seas Treaty

The High Seas Treaty creates a legal framework that designates areas of the High Seas that are not under national jurisdiction as being protected for the benefit of marine life. The High Seas Treaty is officially titled as the: “Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas Beyond National Jurisdiction”. It is also known by the initials “BBNJ”.

A large proportion of the global eco-system is the marine environment, and a vast amount of flora and fauna live in the sea. A great part of the world’s oceans are not part of any country; the territory of any given country ends about 12 nautical miles from the coast, although each country retains certain economic rights up to the 200 nautical mile limit.

Beyond that, laws apply in certain specific ways and circumstances. For instance, the law onboard ships on the High Seas (i.e. beyond the 200 nautical mile limit) is the law of the country in which the ship is registered and there are a range of e.g. marine pollution laws that can be applicable.

Impacts for shipping

At this stage, it is hard to know what the impacts on shipping will be. One potential issue relates to “area-based management tools”.

An area-based management tool can be thought of as being a bit like a marine park. More technically, an “area-based management tool” means a tool, including a marine protected area, for a geographically defined area through which one or several sectors or activities are managed with the aim of achieving particular conservation and sustainable use objectives,” (Article 1, BBNJ draft text of 12 June 2023.

Designating parts of the High Seas could, of course, determine where ships can and cannot go, thereby adding complexity to international voyage passage planning, lengthening voyage times (potentially), increasing fuel consumption and therefore causing an increase in the cost of fuel, increasing costs generally (e.g. a longer voyage will increase the overall cost of crew wages for that voyage along with an overall bigger total cost for consumables).

Other possible restrictions could be the imposition of, say, speed limits, restrictions on the use of various technologies e.g. possible bans on the discharge of water from open-loop scrubbers for example, limitations on noise, and there could be other issues, such as strict liability for accidental pollution in global marine parks, for instance.

Other possible (speculative) restrictions could be the imposition of, say, speed limits, restrictions on the use of various technologies e.g. possible bans on the discharge of water from open-loop scrubbers for example, limitations on underwater radiated noise, and there could be other issues, such as strict liability for accidental pollution in global marine parks, for instance.

The objectives of setting up an area-based management tool are to conserve and to sustainably use areas requiring protection through well-connected networks of area-based management tools. The BBNJ also looks to strengthen co-operation and co-ordination in the use of international area-based management tools and to generally protect oceanic biodiversity.

New global area-based management tools cannot be set up within any areas under a country's jurisdiction (although that country could set up its own area-based management tool), and cannot be relied upon to assert or deny any claims to sovereignty.

Proposals for new global area-based management tools will need to be sent by the park-proponent to the appropriate authorities under the Treaty, and the proponents will need to consult with a wide range of stakeholders including other countries, various bodies, civil society, scientific bodies, the private sector, indigenous peoples and local communities.

Proposals will need to be based on scientific information and will need to take into account traditional knowledge of indigenous peoples. A long list of criteria will need to be addressed such as uniqueness, rarity, special importance of the species found within, vulnerability, sensitivity, economic and social factors, cultural factors, sustainability of

Pictured: wild dolphins swimming. Photo credit PeterG63 via Pixabay.

reproduction and many more (see Annex 1 of the BBNJ).

Shipping Australia's support of the marine environment

Captain Melwyn Noronha, the CEO of Shipping Australia, gave evidence to the Federal Joint Standing Committee on Treaties (JSCOT), a Senate-House joint Committee late in 2024 on the High Seas Treaty.

Shipping Australia's submission to the JSCOT also welcomed the passage of the High Seas Treaty. Our submission focused on the interaction of different rights granted to different sea-users under different treaties and we urged that different policy goals could be achieved while still granting access to the sea for a wide variety of purposes.

"We [Shipping] recognise that there are many different users, and uses, of the sea, which is to be shared by all, for the benefit of all. These very principles are in fact written into our most basic and cherished international law, namely the UN Convention on the Law of the Sea. The freedom of navigation across the High Seas, is subject to oversight and controls. There are many areas around the world which have controls on the movement of ships – the Great Barrier Reef is one area, for example. That ships are controlled in where they go and what they do, is in fact nothing new and is not controversial," Capt Noronha told the JSCOT.

"While shipping supports global rules to preserve the marine environment, we also consider this policy goal could be met without cutting access to the sea. For instance, off the coast of South Africa, ships sail slowly to prevent strikes on whales".

Capt Noronha also discussed "area-based management tools" under the BBNJ.

Shipping Australia took issue with the practice – or, rather, the lack of practice – by certain Australian jurisdictions which don't adequately define where marine parks are in Australia and don't adequately tell everyone where they are. Shipping wants to comply with the law, but that's a bit hard to do when the authorities won't tell you what the law actually is.

"Maps and information should be readily available for ships to plan their routes. But apparently there is no way to get this information. This is unsatisfactory," Capt Noronha told the JSCOT.

"Shipping Australia calls for all jurisdictions in Australia to adequately map their protected marine areas. We also call for them to issue charts that accurately depict where those areas actually are, and what ships can and can't do. Finally, we also urge this Senate Committee to recommend that any marine park or protected area that is created as a result of Australian efforts should be accurately charted and those details made freely available," the Captain urged.

International progress

The UN began work in 2015 for a new international legally-binding treaty under the United Nations Convention on the Law of Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction. The International Maritime Organization has been present at the negotiations and has actively co-operated with other UN bodies in the creation of the Treaty.

Agreement on the text of the High Seas Treaty was reached in early March 2023 in New York, and that was followed by an official adoption by the 193 Member States of the UN in June 2023.

Pictured: Somali pirates aboard a ship.
Photo credit: U.S. Navy.

Hijacks, hostages, and kidnappings – pirates continue to prey on crew members and shipping

A whopping 35% increase in the rate of piracy around the world has been recorded in the first three months of 2025 compared to the same period in 2024, according to the International Maritime Bureau.

There were a total of 45 cases of piracy and armed robbery against ships in the first quarter of 2025.

There were 37 ships that were boarded, four were hijacked, and four had attempted hijacks. There were 37 hostages taken, 13 people were kidnapped, two were threatened and one was injured. The presence of guns was reported in 14 incidents.

The more serious offences happened in known trouble spots, such as in the waters off Somalia (East Africa) or the waters off West Africa (in the Gulf of Guinea). For instance, in March, pirates hijacked a bitumen tanker southeast of the African island nation Sao Tome and Principe and kidnapped ten crew.

"The safety of crew members in the Gulf of Guinea remains at greater risk. It is essential to maintain a strong regional and international naval presence to address these incidents and ensure the protection of seafarers," IMB Director Michael Howlett said.

Surge of trouble in the Singapore Straits

However, much of the surge in this volume of maritime crime was driven by a surge of activity in the Singapore Straits.

In Q1 2025, there were 27 reported incidents in the Singapore Straits, whereas the average figure for the first quarters from 2021 to 2024 was just over 9. Last year, in Q1 2024, there were only seven incidents.

There were successful boarding in 92% of all vessels targeted in the Singapore Straits, including nine bulkers and tankers over 100,000 deadweight.

"The reported rise of incidents in the Singapore Straits is concerning, highlighting the urgent need to protect the safety of seafarers navigating these waters. Ensuring the security of these vital routes is essential and all necessary measures must be taken to safeguard crew members," said IMB Director Michael Howlett.

Under Article 101 of the UN Convention on the Law of the Sea, maritime piracy is any illegal acts of violence or detention, or any act of depredation, committed for private ends by the crew or the passengers of a private ship and directed on the high seas, against another ship, or against persons or property on board the ship.

ReCaap urged vigilance

Singapore-based ReCAAP – an information sharing centre that also reports on maritime crime, echoed the concerns of the IMB. In ReCAAP's quarterly report, a similar number of incidents were reported and it also noted with increasing concern the growing number of incidents in the Straits of Malacca and Singapore.

"The littoral States are encouraged to increase patrols/surveillance in their waters, respond promptly to incidents reported by ships, strengthen coordination and promote information sharing on incidents and criminal groups involved to facilitate the arrest of perpetrators," ReCAAP stated in its quarterly report.

ReCAAP also urged ship masters and crew to be vigilant, to maximise lookouts, to sound the alarm, to stay aware (use advisories, broadcasts etc and to immediately report all incidents to the nearest coastal states.

IMO takes action on seafarers' rights in connection with alleged crimes

The International Maritime Organization (IMO) has adopted guidelines to protect seafarers from unfair treatment when detained in foreign jurisdictions in connection with alleged crimes committed at sea.

The guidelines, adopted by the Legal Committee in March 2025, aim to protect seafarers' rights and ensure seafarers are treated with fairness and dignity.

IMO Secretary-General Mr. Arsenio Dominguez stated: "Unfortunately, incidents of unjust treatment of seafarers are on the rise, posing a significant challenge to the sustainability of shipping… [these guidelines] … will add a significant value in resolving the challenges faced by seafarers and ensure that seafarers are treated fairly."

The guidelines relate to due process, protection from arbitrary detention, coercion or intimidation, and ensuring that wages, medical care and repatriation rights should remain intact during any legal proceedings.

Crew injuries account for about 32% of all claims, marine insurer says

Injuries of various kinds account for about one-third of all claims, marine insurer Gard has stated in its "Crew Claims Report 2024".

"The average claim amount for an injury is usually higher than for illness claims. This may be due to the urgency of the treatment required in connection with injuries, which could sometimes require significant diversion of the vessel or medial evacuation at sea.

The most common body part to be injured in the 2019-2023 period – and by a large margin – were the fingers of seafarers. These accounted for just over 800 claims. Additionally, hand-related injuries (counted separately from finger-injuries) accounted for just over 300 claims. Gard noted that it sees relatively high numbers of crush injuries, such as fingers getting crushed in hatch covers or machinery.

In a related, 2020 report, Gard looked at data over a ten year period (2009-2018) and found that the majority of finger and hand injuries, about 39%, happen to able bodied seafarers. That was followed by OS (19%), and fitters, (17%). Officers also experienced high rates of finger / hand injuries with 2nd engineers account for just under one third of all finger / hand injuries, followed by third engineers at just over one quarter, and then electricians at 16%.

"There can be many reasons for finger injuries. The level of awareness and alertness of the crew when carrying out jobs requiring physical dexterity are important factors. Awareness comes with experience, knowledge and proper supervision by those who may have carried out such tasks in the past. Alertness, on the other hand, can vary with the time of the day or physical and mental fatigue of the individual involved in the task," Gard noted.

In the earlier 2020 report, Gard urged crew to wear gloves – but to first identify what the most likely hazard would be – such as abrasion, cuts, puncture etc, and to chose the right glove for the task and hazard e.g. leather goods to handle sharp objects, rubber / PVC / synthetic gloves when handling chemicals and so on. Gard also cautioned that wearing separate cotton inner gloves can help prevent hand-skin becoming hot and sweaty, which can lead to skin health issues over time.

Other common injuries included injuries to the back (just over 500) and to the knee and leg (just over and under 300 respectively).

The most common causes of injuries were slips, trips and falls (38%) and that was followed by being hit by some kind of object (including wires and lines), which accounted for about 24% of claims. Meanwhile, lift / pull / push injuries were the third most common injuries at 15% of all claims.

Gard examined more than 20,000 people-related claims between 2019-2023 and focused on crew-related claims (i.e. excluding non-seafarer related claims). People-related claims over the period accounted for about 49% of all claims, and that was followed some distance behind with cargo-related claims with 38% of claims over the period.

Australian authorities lost ability to stop seafarers getting medical care ashore

Pictured: a patient's eye view of a dentist about to begin treatment. Photo credit: Movidagrafica via Pixabay.

A range of amendments to the Maritime Labour Convention – changing global law on seafarer recruitment, repatriation, accommodation, food, medical care and more – took effect on 23 December 2024.

The changes were as follows:

Recruitment – a compensation system of some kind must be established to financially compensate seafarers for loss incurred because of a failure by a recruitment service or a ship owner to meet their obligations under an employment agreement; seafarers must be informed of their rights before being engaged.

Repatriation – port & flag state administrations have to "facilitate the prompt repatriation" of seafarers, including when they have been abandoned. When a relief crew of seafarers are deployed to a ship to replace seafarers who have been abandoned, then the Port, Flag, and labour-supply States have to co-operate to ensure that the rights and entitlements of the relief crew are protected.

Accommodation and recreation – recreational facilities, amenities, and services (including connectivity) must be provided to meet the special needs of seafarers and must be provided on board for the benefit of all seafarers. Reasonable access to ship-to-shore phone communication must be provided and any charges must also be reasonable. Shipowners are required, insofar as it is reasonably practicable, to provide onboard access to the internet. There will be a similar obligation on Member States to provide internet access to seafarers and anchorages, with any charges being reasonable in amount.

Food and catering – onboard food and water must be provided free of charge during a seafarer's engagement and should be suitable in terms of quantity, nutrition, quality, variety, religious requirements, and cultural practices.

Medical care onboard ship and ashore – each of the Member States of the ILO "shall ensure" [i.e. there is to be no dispute or equivocation – it must be done] that seafarers are able to leave ships to receive appropriate and immediate medical care ashore.

ILO Member States should ensure that seafarers are not prevented from disembarking for public health reasons. They are considered to be in need of "immediate medical care" in cases including, but not limited to, serious injury; disease (including communicable disease); broken bones; severe bleeding; broken or inflamed teeth; burns; severe pain that cannot be managed onboard ship; or suicide risk. This point is particularly relevant to Australia; it was very disappointing that seafarers were prevented from leaving their ships during the COVID lockdowns to seek medical treatment ashore when their vessels were in Australian ports.

ILO Member States must facilitate the repatriation of the bodies or ashes of seafarers, in accordance with their wishes or those of their next of kin, who have died in their territories. ILO Member States assume the same obligation for the remains of seafarers who die on the High Seas when the ship enters their territory. There is also an obligation on all Member States to ensure that the deaths of all seafarers, employed, engaged, or working on ships that fly its flag are adequately investigated and recorded and are reported annually to the ILO. These deaths will be published on an annual basis.

Health, safety, accident prevention – there is a requirement to take all reasonable precautions to prevent occupational accidents, injuries, and diseases onboard ship through the provision of appropriately-sized personal protective equipment and other measures to prevent harm from exposure to ambient factors, chemicals, equipment and machinery.

The amendments were adopted in full in 2022 by the International Labor Organization. The ILO is a United Nations body and is unique in that it is tripartite – i.e. made up of three parties namely, employee representatives, employer representatives, and national governments. There are 187 country-members of the ILO; Australia is a member.

The Maritime Labour Convention was adopted by the ILO at the 94th (Maritime) session of the International Labour Conference on 23 February 2006.

Often described as the "seafarer's bill of rights," the Convention revised and consolidated 37 existing Conventions and related recommendations. It created a single legal document that reflects the rights of the world's 1.5 million strong seafaring workforce in relation to their working and living conditions. This includes, but is not limited to employment agreements, hours of work, hours of rest, medical care and more.

74% of seafarer deaths are caused by illness

New research by marine insurer Gard demonstrates that 74% of all seafarer deaths are caused by some kind of illness.

“Of course, this category of claims should ideally be zero. However, as an industry we are unfortunately far from where we would like to be, and over the past 5 years, Gard has recorded over 400 crew fatalities. The frequency of death claims is fortunately low at 0.01 deaths per vessel year with the worst recorded year being 2021 in the last five years,” Gard noted in its “Crew Claims Report 2024”.

Gard added that the seafarer death figure correlates well with the death tally in the general population, noting that, according to the World Health Organisation, 74% of all deaths are due to non-communicable illnesses such as cardiovascular disease, cancer, respiratory illnesses and diabetes.

Deaths by suicide

Gard also noted a “concerning trend” in that 11% of crew deaths were caused by suicide.

“This is a worryingly high number and we believe that the actual number could in fact be much higher due to under-reporting. We also believe that many cases of crew deaths are preventable,” Gard said.

Gard noted that it registered an annual average of 47 cases of mental health disorders, 18 cases of suicide, and 16 cases of missing persons.

“The number of mental health-related cases unfortunately grew significantly during the pandemic, probably as a direct consequence of the mental strain and prolonged isolation many seafarers experienced at the time,” Gard noted.

Gard also took some time to emphasise that there is a close correlation between physical and mental health, especially for seafarers. Key risks of poor mental health include poor physical health, exposure to noise / vibrations, feeling unsafe, high job demands, long working hours, night shifts or irregular shifts, and long periods at sea. Gard pointed to studies that give recommendations on how to prevent mental health issues and these include a healthy lifestyle, getting proper rest, reduction of noise, and an increase in safety.

Illnesses generally

Illnesses (non-fatal; excluding COVID) accounted for about 64% of the total. COVID was, unsurprisingly, the most frequent illness during the pandemic however, by 2023, the situation started to normalise and, today, COVID is no longer on the top ten list of most frequent illnesses. However, over the period (which includes the pandemic), the top three illnesses were, in order, COVID (over 900), abdominal pain (just under 500), and back pain (about 450).

Gard urges early action if any seafarer suffers an illness. Pointing to the frequency of abdominal and back pain, Gard points out that the symptoms can be caused by different underlying illnesses ranging from harmless to severe. “A condition that starts out as the symptom ‘abdominal pain’ could in fact be an indication that the seafarer is suffering from appendicitis. Appendicitis is dangerous if not treated promptly, so immediate medical attention to clarify the diagnosis is important. Sometimes these cases require urgent medevac to avoid rupture and severe illness or death. Given the relatively high frequency of these cases, it is important to understand the symptoms and take immediate action,” Gard urges.

Other illnesses frequently encountered were heart issues, appendicitis (see above comments about abdominal pain / appendicitis), infection, mental disorders, kidney stones, eye issues, and hernia.

Gard examined more than 20,000 people-related claims between 2019-2023 and focused on crew-related claims (i.e. excluding non-seafarer related claims). People-related claims over the period accounted for about 49% of all claims, and that was followed some distance behind with cargo-related claims with 38% of claims over the period.

*Pictured: a rose, a symbol of mourning.
Photo credit: ClickerHappy via Pixabay.*

Court eradicates certain global maritime limitation of liability rules in Australia

In Australia, maritime financial claims cannot be the subject of limitation in respect of wreck removal, destruction or the rendering harmless of a ship which is sunk, wrecked, stranded or abandoned, including anything that is or has been on board such a ship, according to a three-judge ruling of the Federal Court, which sat as an appeal court in late April 2025.

The ruling arose in the context of shipping company CSL losing a battle to limit its financial liabilities after the ship, Goliath, struck and wrecked two moored tugs in Devonport, Tasmania, in 2022 (see: Tasmanian Ports Corporation Pty Ltd v CSL Australia Pty Ltd (The Goliath) (29 April 2025)).

Facts of the case

Goliath (IMO 9036430; 11,754 gt; dwt 15,599 t), an Australia-flagged, self-discharging bulk carrier accidentally struck two moored tugs, the York Cove and the Campbell Cove, while it was turning in the swing basin to berth at the Port of Devonport, Tasmania.

No-one was hurt. The Goliath sustained damage to the bulbous bow and to internal structures. It was subsequently detained by AMSA, and later repaired then returned to service. According to various vessel tracking websites, the Goliath remains in service today. Both tugs sank, were wrecked and written off. The wrecks were removed and were disposed of. An extensive response, including hydrocarbon containment, removal, and disposal, followed the incident.

Limitation of liability

International maritime law allows for limiting of financial liabilities in ways not seen in most other sectors for public policy reasons: as an incentive to encourage investment in shipping, to help create a level playing field, to give comfort to marine insurers so that they will provide catastrophe insurance, to impose a discipline on claimants, and to encourage the development of a system based compensation rather than punishment.

In this particular context, the key international convention is the Convention on Limitation of Liability for Maritime Claims, 1976 which is enacted in Australia as the Limitation of Liability for Maritime Claims Act 1989 (see Schedule 1). The convention has been amended over time and there are a range of other conventions that can apply.

Bid for limitation of liability

TasPorts sought to recover costs from CSL which are known to have reached at least AUD$23 million (so far) of which, about AUD$17.25m relates to hydrocarbon containment, removal, disposal etc. CSL launched a legal bid to claim that it was entitled to limit its liability under the Limitation Convention.

Pictured: a figurine of Lady Justice, a representation of law and justice. Photo credit: Tingey Injury Law Firm.

Tasports opposed that bid.

The fight went before a single judge of the Federal Court of Australia (the "primary judge") who ruled that TasPorts' wreck removal claims are subject to limitation under the 1976 Convention.

What the 1976 Convention says

The difficulty seems to lie in how the law is structured in this area. Article 2(1) of the 1976 Convention has six parts (a) to (f). Article 18 of the same Convention allows countries to opt out of Article 2(1)(d) and Article 2(1)(e), which allow for limitation of liability in the raising, removal, destruction or the rendering harmless of a ship which is sunk or wrecked, and also any claims in respect of the removal, destruction or rendering harmless of the cargo of a ship.

Australia has opted out of both of those parts of Article 2 of the 1976 Convention (section 6 of the Limitation of Liability for Maritime Claims Act 1989 (Cwlth)).

Legal troubles

However, the primary judge ruled that claims could be limited under Article 2(1)(a) of the 1976 Convention which states that liability can be limited in respect of loss or damage to property in direct connection with the operation of the ship, or with salvage operations, and any consequential loss.

TasPorts appealed that decision to a three-judge bench of the Federal Court which over-turned the ruling of the primary judge. In layman's terms, the three-judge bench basically looked at Article 2 as one whole piece of law rather than as one piece of law with six sub-laws.

It ruled that because Australia had opted out of the limitation of liability regime in Articles 2(1)(d) and (e) of the 1976 Convention, then, whatever the basis of liability, in Australia claims cannot be the subject of limitation in respect of wreck removal, destruction or the rendering harmless of a ship which is sunk, wrecked, stranded or abandoned, including anything that is or has been on board such a ship.

Start-up says new engine technology improves fuel efficiency by 40%; MOL invests!

Japanese shipping major Mitsui O.S.K. Lines (MOL) has declared it will invest in UK-headquartered Carnot, which says it has developed advanced technical materials and an innovative engine design that radically boosts engine efficiency.

Modern engines typically operate at about 35% thermal efficiency, Carnot says, adding that is new technology and design can achieve 70% thermal efficiency!

Carnot says that a traditional engine will dissipate about one third of its fuel energy into the cooling system. Carnot uses some kind of technical ceramic, which enables it to eliminate the cooling system thereby allowing the engine to use that one-third of energy as power.

Carnot has trialed the system on marine auxiliary engines using a containerised configuration mounted on the bow and using an ammonia / hydrogen fuel blend.

"We proved it was possible to develop a net zero emissions whilst costing less than diesel equivalent," Carnot says, adding that later in its development, it will move into main propulsion systems.

MOL adds that steel and aluminium engines require constant cooling to prevent overheating, which reduces performance and increases the risk of engine failure. MOL commented that the Carnot engine has the potential to improve fuel efficiency by 20% to 40%, compared to conventional engines.

"Based on the results of demonstration tests and the feasibility of this technology, MOL will consider applying it to its fleet of merchant vessels in the future," MOL says.

Box terminal margins add about 40 cents a week to household expenditure, says Patrick

Container terminal charges only add about 40 cents a week to average household expenditure, box terminal operator Patrick has declared.

Citing research by Synergies Economic Consulting, Patrick adds that the operating margins of stevedores cannot be credibly said to be adding to cost-of-living pressures, which, Patrick argues, can be found in other areas such as higher mortgage costs, and the increases in the costs of services such as health, insurance, education and more.

Patrick took the step of commissioning the report, and publishing the highlights, in response to an advocacy campaign by a well-known policy group that had been arguing that supply chain costs have been fuelling inflation.

That record has now been corrected by Patrick.

"The analysis shows that overall import supply chain costs represent approximately 7% of the total cost of goods imported into Australia. Of that 7%, container terminal fees (quayside and landside) account for only around 8%, implying that total container terminal fees account for less than 1% of the total cost of imported goods," Patrick asserted, adding that: "The Synergies report concludes that it is misleading to suggest that cost-of-living pressures can be alleviated by intervening in the market for container terminal services".

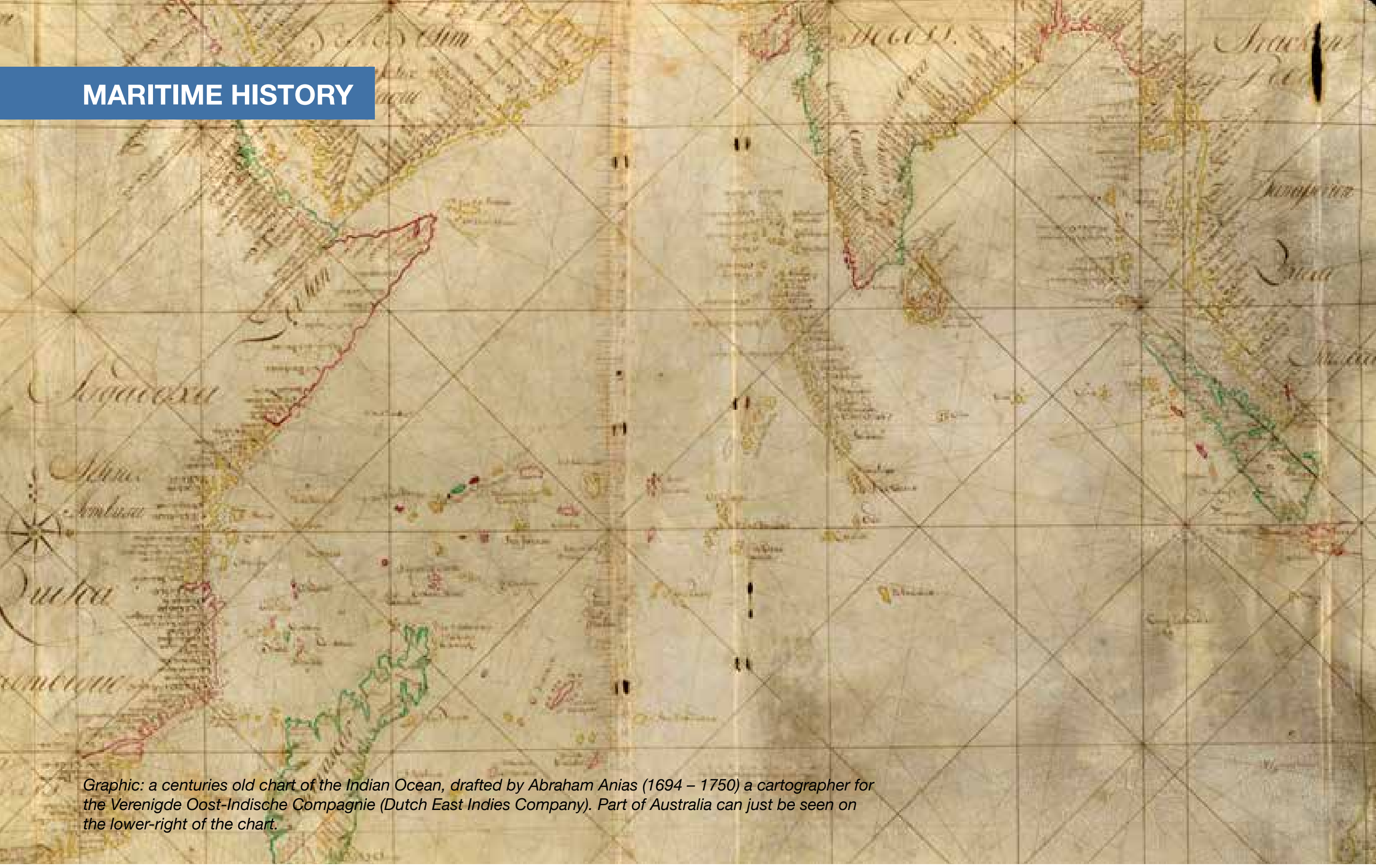
Michael Jovicic, CEO of Patrick Terminals said, "Patrick Terminals has invested close to $1 billion in terminal infrastructure and equipment, delivering capacity and efficiency improvements that have resulted in a major reduction of real costs. Investment in our landside operations have unlocked further supply chain cost reductions through more efficient truck servicing. Our current focus on developing rail capacity represents the next area of opportunity for further supply chain savings in the future.

Oldendorff celebrates diversity and inclusion milestone

Dry bulk and unitised cargo shipping giant, Oldendorff Carriers, has reported that nearly 125 female seafarers from across 17 nationalities now serve on the group's vessels across 13 ranks. The group expects the number of females seafarers in its service will grow to 150 by next year.

"These results reflect our long-standing dedication to fostering fair opportunities for all, regardless of gender, nationality or background. Through our "Global Cadet Program: Embracing Diversity," we are building structured pathways to train, support, and promote cadets into long-term officer roles based solely on merit," the group said in a statement, adding that its commitment to inclusion extends across its global offices where Oldendorff maintains a near-equal gender representation across a workforce comprising more than 60 nationalities.

"This is not an altruistic effort but a strategic investment in our future," said Patrick Hutchins, CEO of Oldendorff. "Bringing more women onboard expands the pool of highly capable leaders who can grow into key roles ashore. It is a natural step forward in strengthening our company".



Graphic: a centuries old chart of the Indian Ocean, drafted by Abraham Anias (1694 – 1750) a cartographer for the Verenigde Oost-Indische Compagnie (Dutch East Indies Company). Part of Australia can just be seen on the lower-right of the chart.

No error of navigation; storm caused grounding and wreck, investigation finds

Expert seafarers, years of individual, collective and corporate navigational seafaring experience, and access to the best and most up-to-date available charts simply could not save a cargo ship that ran afoul of commercial shipping's oldest threat: bad weather.

Concerns had been raised about whether the master, Marinus Wijsvliet, or his senior crew had made an error of navigation and incorrectly fixed their position, or heading, or both.

However, having retraced the incident, having examined ships' logs, corporate standing instructions, and weather logs, investigators have concluded that a violent squall likely blew up out of nowhere, and the desperate act of the crew in dropping an emergency anchor did nothing to save the vessel. It was then wrecked on Western Australia's rocky shores.

While several persons may possibly have survived ashore for some time after the wreck, ultimately all aboard have perished.

A cargo ship of a very (in)famous shipping group

This is not the recounting of a modern incident. The wreck took place in the year 1712. The vessel was the Zuytdorp (alternative spelling "Zuiddorp", both of which translate into English as "South Village").

It was a cargo ship of the Dutch East Indies Company, commonly known by its Dutch acronym, VOC (Vereenigde Oost-Indische Compagnie).

The VOC was a company of particular historical – possibly macro-historical – significance. It ran for nearly 200 years from 1602 to 1799, transporting millions of tons of cargo, up to one million slaves, and sending a million Europeans to work in Asia. The Company founded an outpost that later became Cape Town and the Company had governmental powers including setting up colonies, negotiating treaties, the right to imprison and execute convicts, to field private armies and to even wage war!

The VOC was a key combatant in the near 70-year global conflict that is now known as the Dutch-Portuguese War which ran between 1598 and 1663. It was also involved in the Franco-Dutch war from 1672-1678. And, if that wasn't enough, it was also involved in (as in, it fielded troops and navies in battle) in the Anglo-Dutch wars, which were just so much fun that they had four of them between 1652 and 1784.

On top of being the most powerful company in history, it is likely also one of the first examples of an internationally oriented joint-stock company in a modern form i.e. a company with liability limited by shares that can be bought and sold by shareholders. The shares of the VOC were tradeable on what is now the Amsterdam Stock Exchange. Even its corporate logo, a "V" superimposed over an "O" and a "C" was one of the first examples of the use of a logo by a company to brand itself. Modern day corporate life, financial capitalism, and modern civilisation have the shadow of the VOC lurking somewhere in their antecedents.

About the Zuytdorp

Anyway, back to the Zuytdorp. The 1701-built ship was constructed of wood at either the Middleburg VOC shipyard or the Vlissingen shipyard – sources vary and, as Middelburg and Vlissingen are adjacent, the various sources may be referring to the same place. Some sources report that the Zuytdorp was reportedly carrying about 200 "passengers" whereas other sources report 250 crew heads. All sources agree the vessel was carrying a substantial cargo of silver coins. The vessel had a length of 160 feet (approximately 49 metres) although sources, again, vary and some say it had a length of 178 feet (54 metres) and a cargo capacity of 576 "loads" (reportedly about 1,152 tons).

The Zuytdorp arrived at what is now known as Cape Town, South Africa, in March of 1712. Back then, it was a much-needed re-supply post set up by a VOC employee. The area as a whole was known as the Cape of Storms – which tells you everything you need to know about the challenges of sailing in that area. The region was later renamed, for somewhat obvious reasons, to the Cape of Good Hope, and the outpost seeded the city of Cape Town.

The Zuytdorp resupplied at the outpost, and it departed shortly thereafter in April 1712 for Batavia (the forerunner to modern-day Jakarta, Indonesia).

And it was never heard of again.

Well, almost.

Rumours of a shipwreck

Jump forward a couple of centuries and, after a tip-off from Aboriginal peoples in Western Australia, employees at Murchison House Station, a large piece of private land used for producing livestock, began to investigate reports of a shipwreck.

Station hands announced in 1927 that a wreck had been found in shallow seas, just off from a series of rocky cliffs, about 62km north-north-west of the West Australian coastal town of Kalbarri (which is, itself, about 500km north-north-west of Perth).

The wrecked ship was found at the base of high-steep cliffs, and was "nowhere near a low-lying offshore reef," which was quite unlike a series of other wrecks, such as the famous wreck of the Batavia. Those other wrecks had had happened unexpectedly, suddenly, on shallow reefs, and away from the mainland.

There wasn't much actual wreckage left at the site as the ship was exposed to the open ocean and high-energy waves. Much of the site was and is comprised of scattered, non-perishable objects, such as items belonging to the crew, metal fastenings and the like.

Jump forward another thirty years and, in 1958, the wreckage was identified as the Zuytdorp based on its cargo of silver coins. Since then, more objects have been found by archaeologists including a cannon, an anchor, cargo items such as lead ingots and glassware.

But where was the big anchor?

A key point about the wreckage site – and remember this bit because it will come up later and it's key to unravelling the mystery of what happened to the Zuytdorp – is that VOC ships of the time carried nine (9) anchors of varying sizes.

But two of the Zuytdorp's anchors are unaccounted for. A big one (which would have been in the range of 3,100 lbs to 3,600 lbs (1,542 kg to 1,633 kg), and a small one of 180 lbs (81.6kg). Perhaps the small anchor was transported away by the natural movements of the water. But the big one?

So, the key point: one big and heavy missing anchor. Got that? Good. Remember it.

Researchers Ruud Stelten and Wendy van Duivenvoorde of Flinders University carried out a meticulous investigation into the final voyage of the Zuytdorp, by searching through a range of ships logs, sailing instructions, weather records / observations, and charts from the time to produce a likely outcome of events.

The Brouwer Route

Stelten and van Duivenvoorde report that the Zuytdorp was following the Brouwer Route, from Cape Town to Batavia. VOC ships formerly used to sail north from Cape Town, past Madagascar, and then headed east to Batavia. In 1611, VOC Captain Hendrik Brouwer headed east using the Roaring Forties (winds that swirl around the bottom of the globe in a west-to-east direction) south of latitude 35 degrees turning north in the vicinity of St Paul and Amsterdam Islands, roughly 5,200km (2,800 nautical miles) distant from Cape Town. Then it's another 4500-ish km (2,400ish nautical miles) north-east-by-north to the Sunda Straight.

The Brouwer Route became the mandated route as it was quicker, there was less hardship and ill-health for the crews who spent less time sailing across the hotter parts of the Indian Ocean and, as a bonus, VOC ships on the Brouwer Route went absolutely nowhere near any of the bases controlled by any of their enemies, particularly the Portuguese.

Pictured: windmills, a national symbol of the Netherlands. Photo: ValdasMiskinis via Pixabay.

Pictured: a 17th century engraved plaque commemorating the Verenigde Oost-Indische Compagnie on a wall in Hoorn, a city in the northern Netherlands. Photo credit: Stephen C Dickson under the Creative Commons Licence 4.0.

A tricky turning point

Although the St Paul and Amsterdam Islands were the key markers to turn north on the Brouwer Route, they were difficult to spot. They are tiny flecks of land in an otherwise vast, open, and monotonous sea. They might not be spotted because of bad weather or, more likely, because the navigation system of dead reckoning is / was notoriously prone to developing inaccuracies in working out a ship's position.

When the islands were not sighted, the VOC had issued standing instructions for its ship-captains to continue sailing east. VOC captains were under instructions to sail to what is now Western Australia and then sail north as the more westerly points of WA are roughly 2100-2150 km south-by-east of the shores of the island of Java. Batavia was located on the north-west coast of Java, i.e. where Jakarta is now.

After reviewing a wide range of historical evidence – manuscripts, charts, letters, reports and the like, researchers Stelten and van Duivenvoorde have pieced together the most likely explanation.

Following standing instructions

After leaving Cape Town in April 1712, the Zuytdorp somehow missed the St Paul and Amsterdam Islands – probably because of failures in dead reckoning – which were the marks to head north. Capt Wijsvliet presumably followed standing instructions to head toward what is now Western Australia, and this journey probably took about 49 days, likely arriving around mid-June-ish.

Taking advantage of the VOCs proprietary, detailed, and up-to-date charts (previous expeditions had revealed passages of clear, deep, seas off the Australian coast) the Zuytdorp presumably headed north in what we would likely regard today as a good, deep, and wide natural shipping channel.

Based on what was known then about local visible light, and working backwards from what is known today, it was extremely likely that the vessel had good visibility of the Australian coast – even at night-time owing to moonlight, star-light, and the silhouetting of the cliffs against the night sky… something that the expert seafarers would have known to look for.

Following long-standing corporate policy, it's likely Capt Wijsvliet navigated north, hugging the coast of Western Australia, heading towards a known location (Red Corner) where fresh water could be found.

An expert captain? A highly capable ship? A highly expert crew? In a channel between rocks near cliffs? What possibly could have driven the Zuytdorp aground?

A sudden violent squall; a final resting place among the rocks

Locally, the seas in that area are subject to sudden violent squalls.

Remember those missing anchors? Well, in the event of drifting due to bad weather towards rocky cliffs, it's likely that Captain Wijsvliet would have given the emergency order: "Let go anchor!"

The anchor might have caught on a rocky ledge and was lost (which would explain why it cannot be found at the wreck site).

The researchers have speculated upon what happened then: "Zuytdorp was now dangerously close to shore. Before another anchor could be dropped, the ship ran aground. Battered by violent seas, it found its final resting place along the Western Australian coast".

Lessons for modern shipping

This is the tragic tale of a wreck that is, yes, more than 300 years old. Geopolitics is different – the Dutch and Portguese are no longer at war. Corporate life is different – they don't wage war any more (we would hope). Commercial ships are no longer made of wood and hardly anyone uses dead reckoning anymore.

But there are still lessons to be drawn.

Issues in navigation and the execution of a passage plan were both factors that led to the wreck of the Zuytdorp, as were bad weather and sheer bad luck.

Those elements are still relevant today, and as long as there are oceans to sail, ships to be sailed, and people to sail in a commercial adventure, they always will be.

Graphic: the 1630 flag of the Verenigde Oost-Indische Compagnie (Dutch East Indies Company). The VoC is one of the first multi-national companies. The flag also displays a monogram logo that represents the company's brand at a time when corporate identity was otherwise unknown. It may well be one of the first ever multi-national corporate logos.