



The Hon Dan Tehan MP  
Minister for Trade, Tourism and Investment

Parliament House  
CANBERRA ACT 2600

Telephone: 02 6277 7420

Our Ref: MC21 001150

29 OCT 2021

Mr Paul Zalai  
Director  
Freight & Trade Alliance  
68 Brooker Avenue  
BEACON HILL NSW 2100

Dear Mr Zalai

*Paul,*

Thank you for letter of 2 August 2021 and for participating in the roundtable I hosted on 7 September 2021 with peak industry bodies to hear the concerns of your members about significant price rises for sea freight, as well as delays in shipping schedules. I apologise for the delay in responding.

The Government is deeply concerned about these issues and the impact on our exporters and importers, as well as the large number of Australian businesses that rely on our ability to get goods efficiently and competitively in and out of the country.

Recognising the disruptions to our supply chains caused by the COVID-19 pandemic, the Government asked the Productivity Commission to examine the nature and sources of risk to Australia's global supply chains. The Commission's report was released publicly on 13 August 2021. The report briefly noted the impact of the pandemic on sea freight but did not examine the issue in detail.

In order to better understand the cause of current problems and to consider ways the Government could effectively assist Australian businesses, I have met with a range of industry representatives over several weeks. The most recent of these meetings was a roundtable held on 21 October 2021 with representatives of shipping companies.

As you are aware, this is a complex global issue driven by several factors, including surging global demand for goods, a limited supply of containers and ships, and disruptions caused by measures to control the spread of the pandemic. There is little the Government can do in the near term to resolve sea freight congestion, scheduling uncertainty, lack of capacity or associated price rises for exporters and importers.

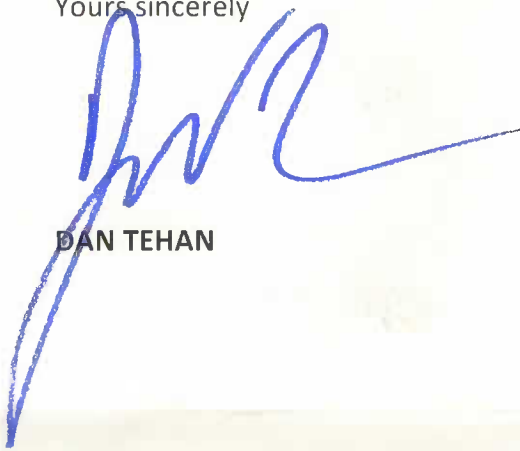
As noted when I met with members of the Freight & Trade Alliance (FTA) and Australian Peak Shippers Association (APSA), I consider a Government-led review or inquiry could provide important insights into the current state of sea freight markets and lessons for avoiding similar situations in future. I continue to engage with my ministerial colleagues on launching just such an inquiry. I welcome the list of issues the FTA and APSA have recommended be considered by an inquiry, and the Terms of Reference forwarded by the AiGroup on behalf of the FTA and around twenty other bodies. This document is informing my discussions with colleagues. They make a strong case for a broad inquiry that includes issues that are the portfolio responsibilities of several ministers.

At the same time, the Government continues to progress initiatives that support the international competitiveness of Australian traders. This includes work on the Simplified Trade System, negotiating free trade agreements that reduce tariffs and other barriers to trade, and provide liberal trade rules, providing information on trade opportunities through the Trade Information System, and standing up new Austrade services to connect exporters with new customers.

Thank you again for your correspondence. My office will remain in touch regarding progress on launching an inquiry.

I have provided a copy of this letter to the Hon Barnaby Joyce MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development.

Yours sincerely



**DAN TEHAN**