



TOMAX
NEWS

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PLUS:

MARKET SUMMARY

- Ocean freight volumes from China to Australia low across the market, with around 80% of freight forwarders reporting a reduction in cargo movements on the trade-lane. Tomax clients remain busy however with a recent surge in volumes resulting in record volumes for the Tomax group in the month of September, with indications that October will also set a record.



- Severe flooding in the northern parts of Victoria are threatening to disrupt freight movements with a week long deluge expected ahead. See more in the article in this week's newsletter.

- Did you know that Tomax now has 6 offices across Australia? Located in Clayton (HQ), Dandenong South, Hoppers Crossing, Sydney (Prestons), Brisbane (Yatala), and Perth (Canning Vale). Drop in and see the friendly Tomax team anytime!

TARIFF CONCESSIONS GAZETTE (TC)

Tariff Concession Orders (TCOs) are an Australian Government revenue concession that exists where there are no known Australian manufacturers of goods that are substitutable for imported goods. The weekly Tomax Client Newsletter will contain a link to the latest Gazette document so that you can stay updated.

[CLICK TO VIEW LATEST GAZETTE](#)



FLOODS DISRUPT VICTORIAN FREIGHT

The Victorian Transport Association (VTA) have issued a statement on the floods affecting Victoria, saying the impacts are felt statewide and the current focus is on supporting communities and businesses with recovery.

The transport industry will continue to play a key role in supporting supply chains and facilitating the movement of goods in our economy. Although, with the closures of many roads due to being submerged or damaged, it is far from 'business as usual'.

Since the start of the flood emergency, 509 roads have closed, with just 150 of these reopened, according to the Victorian government. Repairs on the Hume Freeway, the Goulburn Valley Freeway, the Western Highway and Murray Valley Highway are all underway. Operators are encouraged to regularly check for updates on the road network. As the waters recede, the true impact on our state's road network will become evident. Additional funding for repairs will be likely, factoring in the size and scale of the damage.

Neil Chambers, CTAA director, stated several regional road container transport operators are having to deal with significant road closures and flooded communities, including staff who have ceased operations due to suffering from property loss and damage. He said, "roads in and out of Shepparton, Mooroopna and surrounds are effectively cut by flood waters, so several companies have suspended access to/from the Port of Melbourne and closed their operations

temporarily. Exports from the region are needing to be rolled and rebooked with shipping lines. In the main, we are being told that exporters are understanding of the situation. However, there are export commodities such as pasteurised milk to SE Asia and other dairy products with a limited shelf-life which are the hardest hit by the delays, as well as some urgent freight destined for Tasmania."

Mr Chambers advised one regional operator transporting containerised exports of hay from Elmore and other central regional locations got ahead of the floods by staging many export containers through their Melbourne yard ahead of time, which saved the need to scramble to rebook export slots. He added, "however, if the rain continues and major roads such as the Midland Highway (A300) remain closed at vital points, these export commodities will be impacted too. On the import side, one large regional operator in Shepparton reported that the container stevedore terminals have been very understanding and are working closely with the road carrier to avoid terminal storage bills, and to accommodate additional time slots when the containers can be finally moved north from the port."

Misuraca, J. (2022). VTA issues statement on floods. Retrieved from <https://mhdsupplychain.com.au/2022/10/18/vta-issues-statement-on-floods/> on 21st October, 2022.

Ackerman, I. (2022). FLOODS DISRUPT VICTORIAN FREIGHT. Retrieved from <https://www.thedcn.com.au/news/logistics-and-supply-chain/floods-disrupt-victorian-freight/> on 20th October, 2022.

AUSTRALIAN SHIPPERS CRY FOUL OVER LINERS' EXORBITANT CHARGES

In conjunction with the Australian Peak Shippers Association (APSA), the Freight and Trade Alliance (FTA) has provided evidence in its formal submissions to the Productivity Commission review, claiming that Australian importers and exporters are paying unnecessarily high shipping fees. The evidence indicates traders are paying upwards of AUD \$500m (\$315m) in access and AUD \$500m in detention charges. These include fees to shipping line contracted stevedores and empty container parks for access to container facilities without any ability to influence service or price, unfair container detention fees payable when delays occur out of the control of the exporter or importer, and rates and surcharges to shipping lines operating in consortia with exemptions from Australian competition law.

Paul Zalai, Director of FTA, says, “the costs are extraordinary resulting in a massive blow for Australian commerce and a windfall for foreign-owned shipping lines contributing to their multi-billion-dollar annual profits. Who can blame them? Shipping lines are servicing our entire container trade and are after all commercial, foreign-owned businesses that are profit driven. What is extremely evident is that Australia’s national interest is very much a secondary consideration...It is not sustainable for our exporters and importers to absorb this additional impost of hundreds of millions of dollars annually where they cannot influence service or price.”

The FTA notes that there are parallels between the current cost of living and inflationary pressures being felt all over Australia with charges being passed down the supply chain, adversely affecting manufacturers, rural communities, farmers and consumers. The current

review of the Productivity Commission is providing much needed hope in dealing with current supply chain struggle.

Paul added, “we are not advocating for the federal government to interfere with price setting as we need foreign-owned shipping lines to continue to be incentivised to service Australian trade in a free and open market. To that end we support the Commission’s view that shipping line vessel sharing arrangements can be maintained without special privileged exemption from competition laws faced by others in Australian commerce.”

Not only are shipping lines squeezing importers, exporters and freight forwarders, they are also benefiting from significantly reduced quayside charges administered by their contracted stevedore providers. Savings which clearly are not being passed on down the supply chain.

Regulators are urged to consider the imposition of limits on when, or the amount of, container detention fees that could be charged, suggesting carriers could be forced to sell boxes to the consignee after a set time, to cease the detention period. A suggestion was made for the government to introduce legislation which requires stevedores to recover access and empty container park charges directly from the shipping lines.

Misuraca, J. (2022). Australian importers and exporters are paying high fees. Retrieved from <https://mhdsupplychain.com.au/2022/10/17/australian-importers-and-exporters-paying-high-fees/> on 20th October, 2022.

Whiteman, A. (2022). Australian shippers cry foul over liners' 'exorbitant' million-dollar charges. Retrieved from <https://theloadstar.com/australian-shippers-cry-foul-over-liners-exorbitant-million-dollar-charges/> on 20th October, 2022.





OCEAN FREIGHT RATES DROP TO MANAGEABLE LEVELS

According to a recent Ocean Freight Market Update report, a downward shift in freight rate levels was prompted by a muted peak shipping season, an increase in vessel supply and slower demand in some import markets.

One industry figure, stated, “this year, we did not see the normal rush for space ahead of Golden Week when factories close in China”.

According to Sea-Intelligence, 50% of the global port congestion that was tying up vessels at ports in January had been cleared by August. The release of this extra capacity has relieved physical shortages of capacity and added to downward pressure on spot freight rates which have been in decline on the major East-West trades since the second quarter.

The industry figure added, “we’ve seen an easing of port congestion, although labour strikes at ports in the U.K. are causing some disruption and we’re still seeing vessel queues on the U.S. east coast which has offset improvements at US West Coast ports.”

The outlook on demand continues to weaken due to war risk, skyrocketing energy costs, political instability and general inflation - all

of which are now impacting overall consumer spending and thus trade volumes. Further concerns for the outlook for the eurozone economy are also caused by a combination of a manufacturing sector in recession and rising inflationary pressures. Meanwhile, the closure of factories during China’s October Golden Week holiday as well as the continuation of the Chinese government’s Zero Covid-19 policy have impacted production and have reduced the demand for shipping capacity.

On the back of heavily downgraded GDP predictions, Drewry has since lowered its global container handling demand outlook for 2022 and 2023 to 1.5%, and to 1.9%, respectively.

According to Sea Intelligence, the more favourable supply-demand balance for shipping’s customers has led to a global schedule reliability improvement of 5.8 percentage points in August compared to July, while the average delay for late vessel arrivals also dropped sharply.

Ackerman, I. (2022). OCEAN FREIGHT RATES MOVING TO “MANAGEABLE LEVELS”: REPORT. Retrieved from <https://www.thedcn.com.au/news/containers-and-container-shipping/ocean-freight-rates-moving-to-manageable-levels-report/> on 20th October, 2022.

BIOSECURITY ALERTS & CHANGES THIS WEEK

Please note the Biosecurity updates for this week:

IMPORT CONDITION CHANGE FOR PET FISH FOOD CONTAINING SALMONID MATERIAL

Effective from 18 October 2022

The department has finalised a review of the BICON case for fish and fish products for use as pet food and stockfeed. As a result of the review some changes have been made. These changes include:

- Simplifying the BICON pathway.
- Pathway for goods containing salmonid material are no longer required to adhere to a restricted level of salmonid material in a product.
- The Standard permit for Pet fish food containing up to 2% salmonid material has been changed to Pet fish food containing salmonid material.
- The requirement for official government certification attesting the salmonid material be treated with a moist heat of 100°C for at least 30 minutes has been changed to a moist heat of 85°C for 25 minutes.

Who does this notice affect:

All importers of Pet fish food; Pathway Operations Cargo - Assessments; Client Contact Group.

Further information:

Please contact the Animal and Biological Imports Branch on 1800 900 090 or email imports@agriculture.gov.au.

This Change applies to the following Cases:

Pet fish food



DESTRUCTION OF UNREGULATED ANIMAL-BASED PET FOOD (INCLUDING RAWHIDE DOG CHEWS) IMPORTED VIA MAIL

Effective from 15 October 2022

The department will be destroying unregulated animal-based pet food with no option of re-export. This change is scheduled to take effect on the 17 October 2022.

Biosecurity Animal Division recently conducted a risk analysis of unregulated animal-based pet food in the mail pathway and concluded that these goods present biosecurity risk beyond Australia's Appropriate Level of Protection (ALOP) as defined in section 5 of the Biosecurity Act 2015. Due to the extent of these risks such goods arriving by mail will be destroyed, with no option of re-export.

Animal-based pet foods often contain beef, pork, lamb, chicken and fish. Unregulated animal-based pet food have been sent without meeting Australia's biosecurity import conditions and so present a high animal biosecurity risk due to the possible presence of exotic pathogens. These include infective agents for African swine fever, foot and mouth disease, and bovine spongiform encephalopathy.

The importer (person in charge) will be provided with a notice informing them that their goods will be destroyed with no option of re-export unless import conditions are met, which includes providing the relevant documentation within 14 days.

The destruction policy applies only to unregulated animal-based pet food in the mail pathway including when ingredients in the product are unclear. For products that are clearly non-animal-based pet food (e.g. vegetarian pet food), the on-shore management requirements remain unchanged.

Who does this notice affect:

Importers of animal-based pet food and departmental biosecurity officers at international mail centres.

Further Information:

Please contact Imports on 1800 900 090 or email imports@agriculture.gov.au with "Destruction of animal-based pet food" as the subject line.

This Alert applies to the following Cases:

Pet food, pet food ingredients, and supplements for companion animals

CHANGES TO IMPORT CONDITIONS FOR DRIED FRUIT AND DRIED VEGETABLES FOR HUMAN CONSUMPTION

Effective from 14 October 2022

All imports of dried fruit and vegetable products that have evidence that the goods have undergone commercial drying using forced heated air will no longer require a phytosanitary certificate.

Who does this notice affect:

Importers, approved arrangements, freight forwarders and brokers that deal with dried fruit and dried vegetables.

Background:

Following the completion of the departmental review of risks assessment for dried fruit and vegetables, it has been suggested that phytosanitary certificates are no longer required if the product has undergone commercial drying using forced heated air. This is due to the level of heat and lack of moisture mitigating any risk of potential pest or risk of germination.

Further information:

Please contact Plant Import Operations on 1800 900 090 or email imports@agriculture.gov.au.

This Change applies to the following Cases:

Dried vegetables for human consumption and Dried fruit



USA TRADE INTEREST SUMMARY

Multiple indices continue to report steep declines in the consolidated shipping market. Maritime consultants Drewry lowered its demand outlook for 2022 to 1.5%, and to 1.9% for 2023 following heavily downgraded GDP predictions. The consultancy suggested carriers would take defensive action such as demolishing older, high fuel consumption vessels and deferring orders of newbuilds to maintain rates at acceptable levels. However, Drewry thinks the measures will be insufficient to bridge the supply-demand gap next year. The estimated net increase in effective capacity at 11.3% is significantly above the projected demand growth of 1.9%. Drewry forecasts that missing sailings should be enough to keep freight rates and profits above 2019 levels for carriers.

Parash Jain, HSBC's global head of shipping and ports research, noted liner shipping now has a stronger bargaining position following consolidation. The largest ocean carriers control more than 85% of capacity. "Going forward, we argue that after years of consolidation and the formation of mega shipping alliances, the shipping lines have learnt the capacity discipline and while there might still be volatility in freight rates, the rock-bottom level of freight rates seen in the past decade might no longer persist in the future."

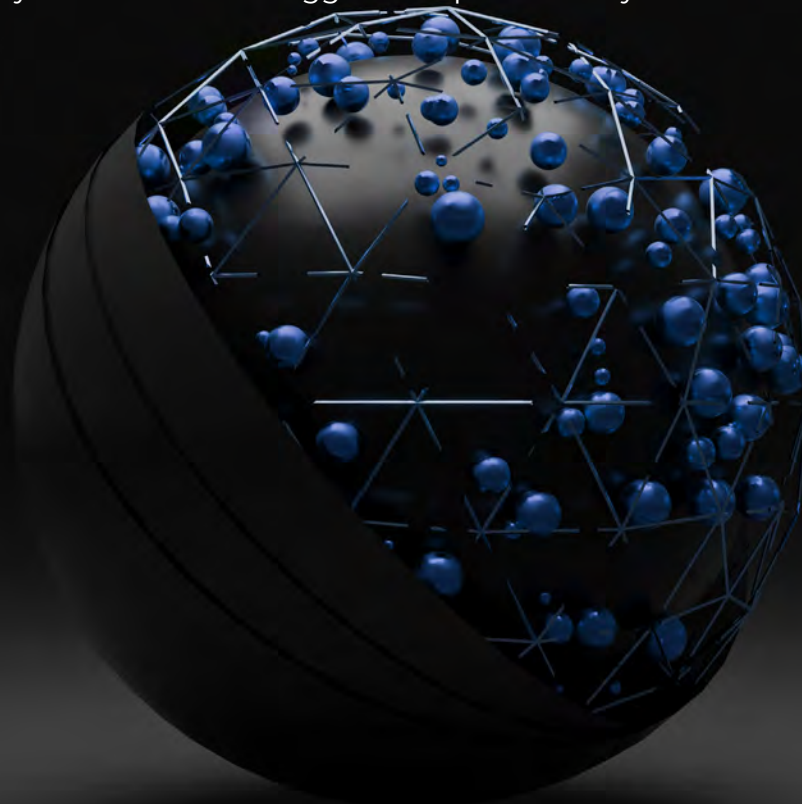
Shipping analysts at Jefferies point out that ocean carriers' ability to move in a far bigger fashion gives them the chance to make quick supply responses. This was evident in 2020 when liners idled as much as 13% of vessel capacity, which supported freight rates and allowed for profitable earnings despite the significant slowdown in market activity during the first few months of the pandemic.

More recently, container performance has dropped significantly in part due to macroeconomic headwinds and climbing inflation levels. Container trade is down by -1.6% year-on-year (y/y) from January to August. Since July, container port congestion has reduced from close to 38% of capacity at port to around 34% according to Clarksons. Current freight rates are twice as high as the 2019 average, while the Shanghai Containerised Freight Index (SCFI) is 100% above the 2010 to 2019 average.

Container Trade Statistics' (CTS) global demand data for August 2022, has turned out to be the weakest month since early 2020. Global demand measured in TEU declined by -4.2% y/y whereas demand measured in TEU*miles declined by -5.5%. Compared to pre-pandemic August 2019, global demand in TEU has grown 1.3% whereas demand in TEU*miles has now declined -2% compared to August 2019. Commenting on the CTS figures, Lars Jensen, CEO of Vespucci Maritime, analysed that from a fundamental global supply/demand perspective, there is no longer a fleet capacity shortage, and the balance is poised to worsen further.

"Global demand is clearly weakening and weakening quite rapidly. We should expect continuing declines in spot rates – and associated spill-over into the contract markets. And we should also expect a ramp-up in not only blank sailings, but also the

complete closure of a range of services, on especially the Trans-Pacific trade," Sea-Intelligence warned in its latest weekly report



Shipco (2022). ShipcoWeekly. Retrieved on 21st October, 2022.

STAFF SPOTLIGHT

RANDY GREWAL

WAREHOUSE HAND
TOMAX WAREHOUSING

What do you do at Tomax?

I am a Warehouse Hand who assists with picking and packing orders, loading/unloading trucks and helping the team with other warehousing duties.

How do you spend your weekends?

I spend the weekends with my beautiful family, going shopping, watching Netflix and doing some gardening.

If one wish could come true, what would you wish for and why?

I lost my parents. I would love to be able to spend time with them if I can.

Do you follow any sports?

I follow soccer and I am a huge cricket lover! I am following an Indian cricket team.



Name something that instantly puts a smile on your face?

My sweet daughter, Sahiba.

Which travel destination is next on your bucket list?

Hopefully Switzerland as it is my dream destination.

What is something you are afraid of?

I am afraid of bad health in the future.



FRIDAY FUNNIES



We hope these jokes brighten up your day as we approach another weekend!

I said to the Gym instructor "Can you teach me to do the splits?"
He said, "How flexible are you?"
I said, "I can't make Tuesdays."

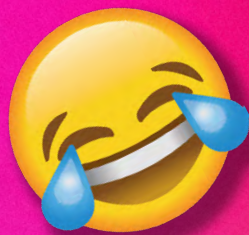
What did the mama cow say to the calf?
It's pasture bedtime!

Why can't a leopard hide?
Because he's always spotted!

What do frogs order at fast-food restaurants?
French flies!

Knock, knock.
Who's there?
Isabel.
Isabel who?
Isabel not working?

What did the pizza say to the topping?
I never sau-sage a pretty face!



What do you call a number that can't stay in one place?
A roamin' numeral!

What did the 90° angle say after an argument?
"It turns out, I was right!"

Why did the man name his dogs Rolex and Timex?
Because they were watchdogs!

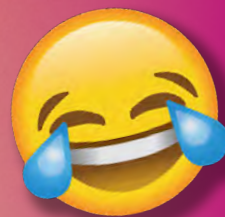
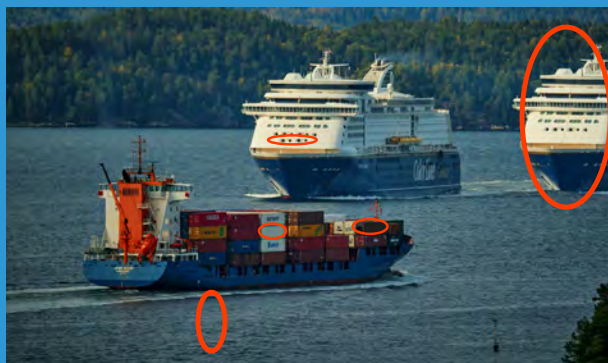
Why are spiders so smart?
They can find everything on the web!

Why was the broom late?
It over-swept!

Which hand is it better to write with?
Neither, it's better to write with a pencil!

Why are balloons so expensive?
Inflation!

Answers from last week's 'Spot the Differences'.



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