



TOMAX  
NEWS

**Issue 103**  
**28<sup>th</sup> October 2022**

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**PLUS:**



# MARKET SUMMARY

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- Another week goes by and the story remains the same, rates continue to soften on most international trade-lanes with importers able to obtain rates as low as pre-COVID peak season levels. Whilst some of the gains are offset by the weakening Australian dollar, the freight savings for importers during the peak this year are set to be massive, especially considering where rates were predicted to be at this time of year.

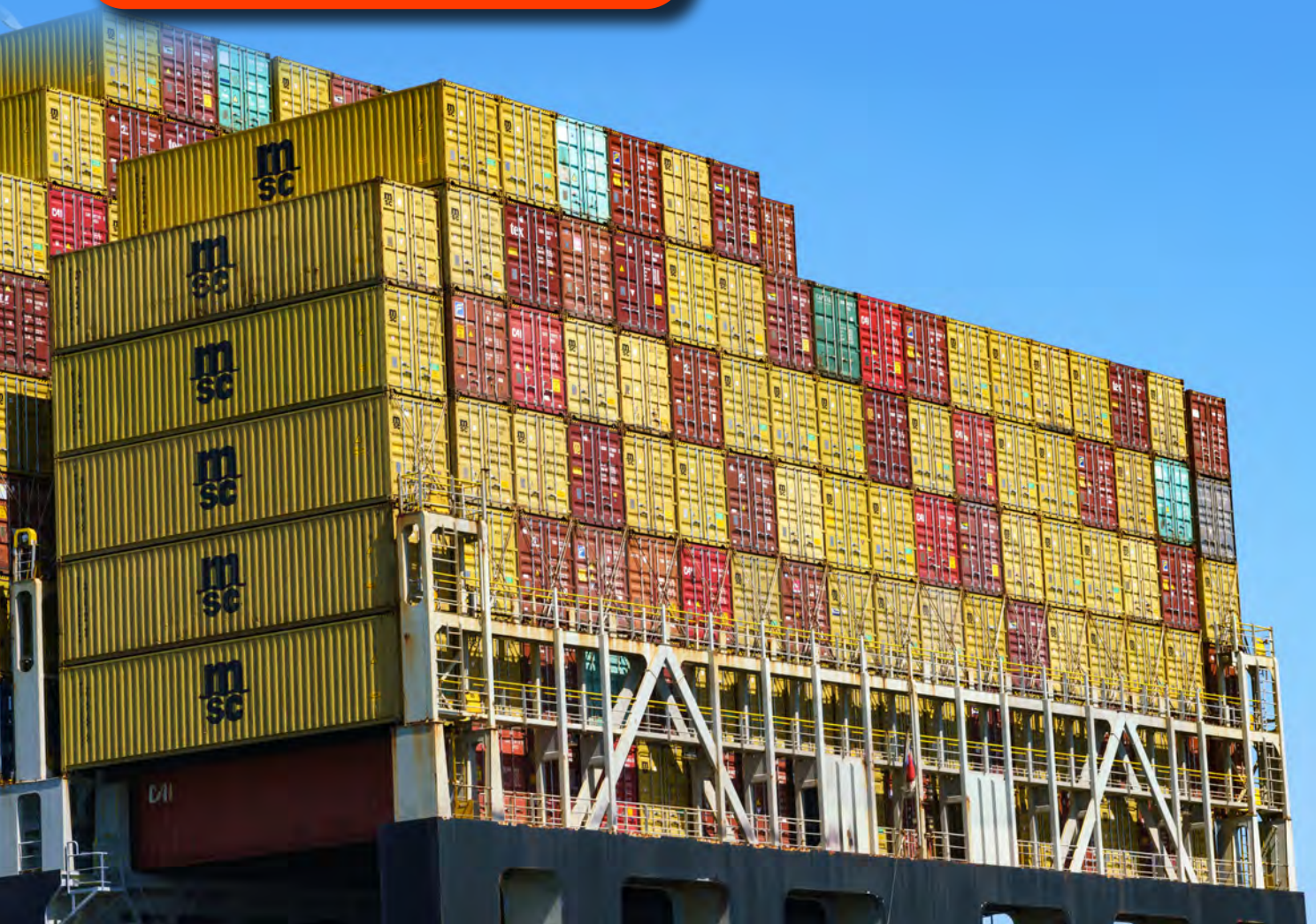
- Extremely heavy rain and widespread flooding through NSW and VIC has resulted in many roads still being closed, and deliveries being hampered. With another week of wet weather ahead there seems to be little relief for those in the affected areas. Hopefully the situation eases quickly and those areas can get back to normal.

## TARIFF CONCESSIONS GAZETTE (TC)

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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](#)



# BIOSECURITY AUTOMATED THREAT DETECTION SYSTEM (BATDS) TRIAL AT DP WORLD AUSTRALIA'S BRISBANE TERMINAL

The below notice was released from the Department of Agriculture, Fisheries and Forestry where the DP World wharf in Brisbane will be trialling an automated threat detection system, which will scan containers for Quarantine Risk Material (QRM). If a container is selected, it will have a "Terminal Hold" applied and if the container is found to have QRM on it then the importer will be liable for cleaning charges where required.

**Date:** 27 October 2022

## Who does this notice affect?

Stakeholders in the import and shipping industries who use DP World Australia's Brisbane terminal—including vessel masters, freight forwarders, Biosecurity Industry Participants, importers, customs brokers, principal shipping agents, and any other operators in the sea container supply and logistics chain.

## What has changed?

As notified in the previous IIAN 96-2022: Upcoming Biosecurity Automated Threat Detection System (BATDS) Trial at DP World Australia's Brisbane Terminal - DAFF ([agriculture.gov.au](http://agriculture.gov.au)) the BATDS trial commenced on Tuesday, 14 June 2022, however will now continue until 17 March 2023.

Stakeholders can expect a minimal delay in the release of non-CAL containers if they are selected for inspection. These containers will have a 'Terminal Hold' applied and a 'Held' Terminal Status visible in 1-Stop. Where a 'Terminal Hold' is in place, the containers are unable to be moved off wharf, so transport should not be arranged until the 'Terminal Hold' has been removed. These non-CAL container inspections will not attract a charge unless contamination or Biosecurity Risk Material is detected and mitigation measures are required.

## Further information

Enquiries regarding non-CAL containers unloaded at DP World Brisbane with a 'Held' Terminal Status can be directed to DP World Brisbane's VBS Coordinator by email at [vbs@dpworld.com.au](mailto:vbs@dpworld.com.au) or by phone on (07) 3895 9360.

For general enquiries about the BATDS trial please contact the department by email at [BATDS@awe.gov.au](mailto:BATDS@awe.gov.au).





# CARRIERS FORCED TO 'UNDERSELL' CAPACITY, DESTABILISING EXPORT MARKETS

**T**he federal government has announced it will be allocating \$6.3 million in 2022-23 to establish the Strategic Fleet Taskforce. The taskforce aims to provide advice to the government on the establishment of a strategic fleet of vessels to secure ongoing access to fuel and other essential imports.

As their contracted shippers underperform on minimum quantities, ocean carriers are endeavouring to top up their ships from China with heavily discounted spot cargo. However, it appears that if bookings continue to fall below around 60% vessel utilisation levels, carriers are cancelling voyages at the eleventh hour and declaring a blank sailing to the trade.

According to this week's Ningbo Containerized Freight Index commentary, export markets have become "destabilised" due to carriers "underselling their space". Additionally, the spot rate indices are struggling to keep up with the rapid erosion of rates on the transpacific and Asia-North Europe tradelanes, with cheaper deals being offered daily.

According to a US-based consultant, last week's 'real' spot rate for the US west coast was \$1,734 per 40ft. The consultant advised that "rates had fallen back to pre-pandemic levels" on the route, with most of the damage done in September. He added, "initial rate declines seem to have been driven by Maersk's spot rates in their on-line portal. Unfortunately, once the ball got rolling on declining spot rates, it could not be stopped."

Meanwhile, there was further evidence of the softening transpacific market this week, with the publication of John McCown's analysis of September throughput at the top US container ports.

Notwithstanding a year-on-year 5.5% decline in import volumes to 1.9m TEU last month, the report also highlights the acceleration of the coastal shift of cargo from US west to east coast ports. The report records a startling 17% drop in west coast container imports, compared with September 2021, whereas east and Gulf coast ports saw their volumes increase by 6.6%.

Asia and North Europe carriers are reported to have been shocked by the "dire" booking forecasts for the coming weeks, eerily resembling the period during the beginning of the pandemic which saw demand plunge by 25%. The spot rate indices record a slower-than-expected decline with, for instance, Drewry's WCI Asia-North Europe component down just 3% on the week, to \$4,436 per 40ft.

Although, it appears there are much cheaper rates circulating in the market, with China-based forwarders offering below \$4,000 per 40ft through to mid-November. Meanwhile, the North European rates remain double what they were two years ago, so if carriers can achieve reasonable load factors of 70% or more, they should still record good profitability on each voyage. Moreover, their existing contract rates are higher than spot, and many shippers will honour those agreements until they expire within the next few months.

But thereafter, it looks like the floodgates will be opened for significant contract rate reductions. According to Alan Murphy, CEO at Sea-Intelligence, "there is no underlying structural support for high rates on the transpacific and Asia-Europe tradelanes. Unless carriers reduce capacity substantially, vessel utilisations will be low."

Wackett, M. (2022). Export markets 'destabilised' as carriers are forced to 'undersell' capacity. Retrieved from <https://theloadstar.com/export-markets-destabilised-as-carriers-are-forced-to-undersell-capacity/> on 24th November, 2022.





# THE IMPORTANCE OF ADVANCED CYBER SECURITY IN SHIPPING

**A**dvanced cyber security solutions can go beyond operational technology protection and actually enhance a ship's safety systems. In this day and age, it no longer takes a nation state to bring down a company; it can be done easily enough by a teenager with an internet connection. Coding software is increasingly efficient and accessible, and as shown during the 2008 recession, people with coding skills are turning to hacking for income. The threat level and sophistication of hackers continues to increase by the day and according to a Naval Dome report, the number of cyber-attacks has increased by 400% since February 2020 and the number of attacks on operational technology (OT) has increased by 900% in recent years.

OT monitors events, processes and devices, creating an opportunity for a hacker to "take active control" over vital processes with potential life threatening consequences. Such attacks underline the need to combine essential cyber security with increased vessel safety as a matter of routine management, not just to prevent or mitigate an attack. OT cyber security technology monitors the values displayed on a ship's safety systems and the vessel equipment itself. It then automatically identifies anomalies in these values caused by an intentional cyber-attack, but the system can also highlight discrepancies caused by equipment, computer or user error. If safety system or equipment values do not align with expected trends or there are inconsistencies between data feeds supposedly conveying the same information, the cyber security software can alert crew or automatically restore devices to the proper configuration if required.

Safety systems themselves are also highly vulnerable to cyber-attack. Cyber security solutions can therefore be viewed as the 'safety system for the safety system'. For example, a cyber-attack could result in the incorrect ballast tank fluid level being shown by the safety system, leading to dangerous instability when loading or unloading cargo. An advanced OT cyber security system would mitigate this risk by alerting crew and could very well eliminate the risk altogether.

Although not linked to a cyber security event, the Ever Given grounding in March 2021 highlighted how costly a shipping disruption can be to global world trade and a cyber-attack on a vessel's navigational systems could easily lead to a similar consequence. Furthermore, from a loss prevention perspective, OT cyber security solutions could also aid in the investigation of vessel casualties by gathering any relevant vessel data prior to the incident and highlighting any anomalies that had not been picked up by the crew.

It is important to consider cyber security as part of maritime and vessel infrastructure, rather than a bonus, for this to work effectively. When expanding the OPEX equation to include the high costs of a cyber-attack and when valorising reduced risk and improved safety, the return on investment is clear. Ship owners can also be creative with funding, for example using a combination of the IT and safety budget to invest while potentially reducing insurance costs.

Currently, there are advanced systems available on the market today that can mitigate cyber risk and boost operational safety. With profits increasing in many shipping sectors, it is a good idea for ship owners to invest in these systems. Reluctant ship owners not implementing adequate cyber security solutions run the risk of coming across increasing cyber security threats and miss an opportunity to improve vessel safety. Shipping's strong safety record is at times taken for granted, but it can only be maintained through continued innovation and an eagerness to maintain its safety. If not mitigated appropriately, attacks on onboard OT, such as a ship's navigational equipment, have the potential to risk seafarers' safety and to significantly disrupt global trade. There is no excuse; cyber security is a must have today. Shipowners that take advantage of its safety potential are creating added value for themselves and the sector.



# ICS' PROPOSAL TO ACCELERATE THE TRANSITION TO NET ZERO



In an attempt to accelerate the maritime sector's transition to net zero, the International Chamber of Shipping has offered to financially reward ships and energy producers that invest in low or net-zero emission fuels. The ICS's proposal will involve a fund-a-reward system to catalyse the adoption of alternative fuels, which at the moment cost at least two or three times more than conventional marine fuel. It will also combine elements of various recent greenhouse gas reduction proposals from several governments, plus a flat rate contribution system previously suggested by ICS and Intercargo as well as any ideas recently put forward for a global IMO measure by the EU 27.

Emanuele Grimaldi, ICS chairman, said, "with the ICS fund and reward proposal, IMO member states have a new but very short window of opportunity to put in place a global economic measure which can kick start the development and production of alternative fuels for shipping. To achieve net zero mid-century, these new fuels must start to become available in significant quantities on a commercial basis no later than about 2030. Compromise is always difficult but, in any negotiation, having a proposal like this can enable everyone to come together. I hope this proposal will act as a bridge between the climate ambitions of both developed and developing countries so that no part of the global shipping industry will be left behind."

The reward rate would be calculated based on carbon dioxide emissions prevented and funded via a mandatory flat rate contribution from ships per tonne of carbon dioxide emitted. ICS believes the fund-and-reward system could be established by 2024, if governments can agree on the regulatory framework at the IMO. ICS proposes that contributions from the global fleet be gathered in an "international maritime sustainability fund". This fund could raise billions of dollars every year and be used to narrow the price gap globally, between existing high-carbon marine fuels and alternative fuels, as well as supporting much needed investment in developing nations for the production of new marine fuels and bunkering infrastructure. The fund would also

reward ships according to annual reporting of the carbon dioxide emissions prevented by the use of eligible alternative fuels.

For instance, a ship powered by ammonia (among many other alternative fuels including methanol, hydrogen, sustainable biofuels and synthetic fuels) could receive a cost saving of more than US\$1.5 million annually. With the total carbon dioxide emissions from international shipping accounting between 2% to 3% of the world economy's total greenhouse gas emissions, the new proposal is as relevant as ever.

Guy Platten, ICS secretary general, believes the price gap of new, very expensive, alternative fuels must be narrowed to accelerate their production and take-up, so that a take-off point is reached by 2030 on the pathway to net-zero by 2050. He said, "but it is crucial that our industry also supports maritime greenhouse gas reduction efforts in developing countries. This fund has the potential to go beyond the traditional reach of the IMO, boosting investment for the fuel production and bunkering infrastructure in ports worldwide that will be vital for our global industry to decarbonise completely."

The proposal aims to ensure that at least 5% of the energy used by the world fleet in 2030 is produced from alternative fuels, achieving Mission Innovation's 2022 Action Plan for zero-emission shipping and would represent the equivalent of approximately 15 million tonnes of new fuels annually by the end of the decade, which is a significant advance from a current figure of almost zero.

ICS by Clarksons Research, conducted a detailed impact assessment which identified that a financial contribution of up to approximately US\$100 per tonne of carbon dioxide emitted would not cause disproportionately negative impacts on the economies of states. However, the contributions could initially be set much lower and then be subject to a 5-year review as increasing quantities of new fuels become available.



# FEDERAL BUDGET ALLOCATES MILLIONS FOR STRATEGIC FLEET

**T**he federal government has announced it will be allocating \$6.3 million in 2022-23 to establish the Strategic Fleet Taskforce. The taskforce aims to provide advice to the government on the establishment of a strategic fleet of vessels to secure ongoing access to fuel and other essential imports.

Catherine King, Minister for infrastructure, transport, regional development and local government, said Australia is dependent on seaborne trade and many of Australia's regional-based industries rely on shipping to move large volumes of cargo both domestically and internationally.

She said, "the Albanese government will establish an Australian maritime strategic fleet that will strengthen our economic sovereignty and improve national security, made of up to 12 Australian-flagged and crewed vessels. The budget funds the taskforce which has been appointed by the government to provide advice to guide its decision-making on establishing the fleet."

# STAFF SPOTLIGHT

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## WAHID KHANDARASH WAREHOUSE HAND TOMAX WAREHOUSING

### What do you do at Tomax?

I am a Warehouse Hand who is responsible for picking and packing, loading and unloading sea containers.

### What are your hobbies?

My hobby is working on fungus in the lab and growing mushrooms.

### Your favourite dish to cook or eat?

My favourite dish to cook is shish kebab which is made of minced meat, spices, minced onion and tomatoes.

### Who is your biggest role model?

I have a few people who are my role models, including American mycologist, Paul Stamets.



**If flights were free, where would you go?**  
New Zealand!

### The last book you read?

The last book I read was "Anabasis" by Xenophon, a famous Ancient Greek soldier and writer.

### A life motto you live by?

Be hopeful and optimistic.







# HALLOWEEN FUNNIES

We hope you find these jokes a real treat  
as we approach the spooky season!

Where does a ghost go on vacation?

Mali-boo.

Why are vampires bad at art?

They are only able to draw blood.

How do mummies tell their future?

They read their horror-scope.

Why did the ghost go into the bar?

For the Boos.

How do vampires get around  
on Halloween?

On blood vessels.

What do skeletons order at a restaurant?

Spare ribs.

Why did the ghost quit studying?

Because he was too ghoulish for school.

Why don't mummies take time off?

They're afraid to unwind.

What does a ghost mom say when she  
gets in the car?

Fasten your sheet-belts.

Where does a skeleton go for  
a fun night?

Anywhere, as long as it's a hip joint.

Why did Dracula take cold medicine?

Because he was coffin too much.

What kind of horse do ghosts ride?

A night-mare.