



TOMAX
NEWS

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PLUS:



MARKET SUMMARY

- Freight rates on the China-Australia trade-lane have seen what is expected to be a short term rise in advance of the looming Chinese New Year holiday period. Lines were quick to jump in introducing a rate increase of up to USD 1,000 per 40' container said to be applicable from the 15th December. Whether the market is able to sustain the rate increase or not is yet to be seen, with some lines already reducing their quantum in response to weak demand for bookings. The ongoing COVID restrictions and supply chain difficulties in China are making the manufacture and shipping of goods more difficult than usual.

- Have you seen the new **Tomax Live** online portal? Tomax Live is a great tool where you can get live status information about your cargo movements, retrieve documentation and invoices, and get insights into your freight movements over time. For more information about how our powerful new online portal may benefit you and your teams please contact your friendly Tomax account manager for more information.

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](#)



LATEST NEWS



INLAND RAIL WORKS UNDERWAY IN VICTORIA

Rail works are now underway at Inland Rail sites in Glenrowan and Wangaratta in Victoria, with major construction scheduled to commence in early 2023.

Rebecca Pickering, Inland Rail interim C.E.O. said momentum is building on delivering the Inland Rail project, with the remaining phase one works due for completion early next year. “Inland Rail is being built to create a new freight future for Australia and construction is gaining momentum, and we are really looking forward to continuing that momentum in 2023,” Ms Pickering said, “the work we are doing is not only connecting Australia’s freight network but is also a real catalyst for communities and businesses to unlock benefits and opportunities. Those benefits are clear from the first phase of construction between Narromine and North Star, which has supported work for nearly 2000 people since November 2020, including more than 600 locals – nearly 170 of whom are First Nations workers.”

According to Ms. Pickering, nearly 140 local businesses have shared in nearly \$200 million in contracts supporting and servicing the

build. She added, “we are also very proud that our Inland Rail Skills Academy has already delivered training to more than 2000 people along the alignment, helping to develop the skills needed to build a better future for our communities. Inland Rail is committed to working in partnership with our stakeholders and communities to deliver long-term value.”

Williams, A. (2022). More inland rail work underway in Victoria. Retrieved from <https://www.thedcn.com.au/news/logistics-and-supply-chain/more-inland-rail-work-underway-in-victoria/> on 8th December, 2022.

CONTAINER TERMINALS FACE SKYROCKETING COSTS AMID MARKET DOWNTURN

Across the globe, container terminals are facing a double-whammy of skyrocketing costs and a market downturn. Additionally, there will be a sharp decline in the storage revenue windfalls which boosted their bottom lines in the previous two years.

Senior analyst, Eleanor Hadland, said terminal operators were facing many challenges. After the easing of congestion, terminal operators were hopeful that carriers would return to more regular weekly scheduled calls, however, that aspiration appears to have been dashed by the collapse in freight rates that prompted lines to make drastic cuts to services. “We are actually going to see irregular call patterns continuing as carriers use blank sailings or schedule slippage to try to manage capacity, rather than work around congestion, which is easing in quite a few regions,” said Ms Hadland.

Ms Hadland believes terminal operators would see their margins squeezed in the upcoming year due to a huge spike in costs. She continued, “since the end of the lockdown phase of the pandemic, terminal operators have seen the cost of fuel and electricity spiral upwards, and now we are starting to see really strong pressure from workers for inflation-linked wage increases.”

Steep increases in wages would potentially have a higher material impact on operating margins compared to fuel or electricity prices. Nevertheless, with carrier terminal contracts usually inflation-linked, the current round of annual stevedoring renewals should see terminal operators in a position to achieve significant compensation by way of increased handling rates.

Factoring in the mega profits enjoyed by carriers this year, Ms Hadland said it would “be very difficult to justify that you can’t afford an inflation-linked increase. Carriers really don’t have much of a leg to stand on. Some if not all of that uplift will be passed back to shippers via their terminal handling surcharges”.

The capacity expansion plans of container terminals could be affected by the increased cost of terminal equipment and rise in the cost of civil works. She continued, “to upgrade or replace cranes and equipment is going to start costing the operators more. Drewry has downgraded its growth forecast for the sector for next year, to 1.9% from 2.9%, and said terminal operator margins would be “under great pressure in 2023”.

Wackett, M. (2022). Container terminal operators face rising costs in a softer market. Retrieved from <https://theloadstar.com/container-terminal-operators-face-rising-costs-in-a-softer-market/> on 8th December, 2022.





NEW GUIDELINES FOR HANDLING AMMONIUM NITRATE

Following the explosion of ammonium nitrate in the port of Beirut in August 2020, the International Cargo Handling Coordination Association (ICHCA) has issued new guidelines on the safe handling of this combustible substance. With the storage and carriage of ammonium nitrate being flagged as an ongoing issue, this reinforced the importance of understanding the properties of various types of chemicals used. Richard Steele, C.E.O of ICHCA, said, “the latest guidance from ICHCA is about mitigating risk in the event of an emergency aboard ship, it’s about clarifying and re-emphasising how ammonium nitrate should be handled.”

Mr Steele warned, “ammonium nitrate under normal circumstances is considered benign, but under some conditions that changes, and it is important to understand what those conditions are and to avoid them. Storing ammonium nitrate away from heat sources is critical.”

Further to note, it is integral that the labelling of chemicals with the potential for catastrophic consequences requires clarity. Technical-grade ammonium nitrate is supplied as bagged granules, has a melting point of 169 degrees celcius and does not burn by itself.

The substance carries three major hazard risks: fire, explosion and emission of toxic gases during decomposition.

Although, according to the ICHCA guidance: “it will accelerate burning of combustible material, producing toxic oxides of nitrogen and ammonia. The resulting nitrogen oxides will support combustion, even in the absence of oxygen. The resulting heat and pressure from the decomposition of ammonium nitrate may build up if the reaction takes place in a confined space and the heat and gases created are not able to dissipate.”

Any combustible material, such as dunnage, will readily burn and the increase in heat and pressure in a confined space will accelerate the reaction, disregarding the need for oxygen to feed the fire. The guidance suggests removing all combustible materials as far as practical, whilst ensuring the chemical is stowed away from any heat source, such as the engine room or heated piping. Meanwhile, ammonium nitrate at the ports should be stored in a separate area, with clear notices highlighting the danger of naked flames.

Savvides, N. (2022). ICHCA re-evaluates ammonium nitrate advice, post-Beirut explosion. Retrieved from <https://theloadstar.com/ichca-re-evaluates-ammonium-nitrate-advice-post-beirut-explosion/> on 8th December, 2022.



UPDATE ON INDIA, UNITED KINGDOM, EUROPEAN UNION AND ASEAN FTAS

All new Free Trade Agreements (FTA) contain provisions similar to Australia's existing FTAs in relation to origin criteria, calculation of RVC, valuation, fungible goods, accumulation, de minimis provisions, accessories, spare parts, tools and instructional materials, packing materials and sets.

AUSTRALIA-EUROPEAN UNION FREE TRADE AGREEMENT (A-EUFTA)

- While progress was delayed as a consequence of the reaction to the submarine projects decision it now appears to be back on track following the Prime Minister's visit in July.
- Still in discussions regarding 30 chapters of the Agreement including technical barriers to trade and intellectual property, including geographical indicators.
- Expected to finish negotiations mid 2023 but the operative date would be some time after that due to the treaty making process.
- Consignment rules and eligibility for goods made from imported parts and drawbacks are still in discussion. EU FTA commonly do not include these last two provisions.

AUSTRALIA-INDIA ECONOMIC COOPERATION AND TRADE AGREEMENT (AI-ECTA)

- The Australia-India Economic Cooperation and Trade Agreement (ECTA) will enter into force on 29 December 2022.
- Year 1 reductions will begin on 29 Dec 2022 and Year 2 reductions will start on 1 January 2023.
- Tariff reduction provisions at this time only cover up to and including Chapter 72 of the tariff. Further negotiations will occur next year for the remaining chapters of the tariff, concluding in 2023. This second agreement will be referred to as Australia-India Comprehensive Economic Cooperation Agreement (AI-CECA).
- Certificates of Origin will be required.
- Draft guide to this FTA as is on the DFAT website <https://www.dfat.gov.au/trade/agreements/negotiations/aifta/australia-india-ecta-official-text>
- Rules of Origin are contained in Chapter 4 of the above. <https://www.dfat.gov.au/trade/agreements/negotiations/aifta/australia-india-ecta-official-text/annex-4b-product-specific-rules-origin>

- Extract of the Consignment Rule:
A good shall retain its originating status as determined under Article 4.2 (Originating Goods) if either of the following conditions have been met:
(a) the good has been transported directly from the exporting Party to the importing Party; or
(b) the good has been transported through one or more non-Parties provided that the good has not undergone any subsequent production or other operation outside the territories of the Parties other than unloading, reloading, storing, repacking, relabelling in accordance with the laws and regulations of the importing Party, splitting up of loads, consolidation of loads or any other operation necessary to preserve it in good condition or to transport the good to the territory of a Party and the good has remained under customs control in the non-Parties.
- The ABF has yet to publish its own guidance material but have been requested to provide an update.

AUSTRALIA-UNITED KINGDOM FREE TRADE AGREEMENT (A-UKFTA)

- Australia is very advanced and ready to start this FTA. On 22 November 2022, the A-UKFTA passed the Australian Parliament with an unknown start date. An update from the UK's progress is being awaited. Once the domestic procedures have been completed, Australia and the UK will provide each other with confirmation of their completion through an exchange of diplomatic notes, and the agreement will enter into force 30 days later, or on any other date that is mutually agreed.
- The text of the proposed FTA is on the DFAT portal at <https://www.dfat.gov.au/trade/agreements/not-yet-in-force/aukfta/official-text>

- Rules of Origin are at Annex 4 above.
- Declarations of Origin from the producer or exporter will be permitted, with the required format and minimum mandatory information required being available via the link <https://www.dfat.gov.au/trade/agreements/not-yet-in-force/aukfta/official-text/australia-uk-fta-annex-4a-data-requirements>
- Extract from Consignment Rule:
An originating good transported through the territory of one or more non-parties shall retain its originating status provided that the good:
(a) does not undergo further production or any other operation outside the territories of the Parties, other than unloading, reloading, separation from a bulk shipment or splitting of a consignment, storing, repacking, labelling or marking required by the importing Party or any other operation necessary to preserve it in good condition or to transport the good to the territory of the importing Party.
AND
(b) is not released to free circulation in the territory of any non-party (This term will have guidance issued as to its meaning at FTA's request)

ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AGREEMENT (AANZFTA) UPGRADE ("SECOND PROTOCOL")

- Substantial completion on 13 November 2022.
- Maintains existing FTA but new ROO aimed at expediting the movement of humanitarian aid.
- New provisions for transport hubs. Details to be confirmed.
- New self-certification provisions similar to Australia's recent FTAs. Details are to be advised.





CHINA'S LOOSENING OF COVID RESTRICTIONS SEES DEMAND RISE

The loosening of COVID restrictions in China, has coincided with a surprising boom in shipping demand. Following widespread anti-lockdown protests, some Chinese cities have eased controls in Beijing, Shenzhen and Shanghai and PCR testing for public transport riders have been discontinued. Policy changes were imposed in Tianjin, Chongqing and Chengdu and some communities have been advised they are permitted to quarantine at home instead of a government facility.

However, according to sources, “there is widespread and regular testing in Tianjin, which is delaying shipments as workers responsible for packing cargo are forced to quarantine. Truck drivers responsible for transporting cargo to ports are also required to submit a 24-hour Covid test, which is causing delays due to processing time.”

The Chinese New Year (CNY) holiday next month is predicted to cause more delays than usual due to the difficulties faced by workers travelling between cities and provinces. This results in long delays in returning to work. Some forwarders have reported that many

factories are likely to shut two-weeks earlier than usual for this reason.

Furthermore, this week saw an increase in vessel utilisation from the Far East to Europe, with the markets seeing a surprising uptick in demand due to shippers concentrating bookings ahead of the Christmas and new year holidays, as well as advancing cargo before CNY on 22 January.

“This growth in demand is largely attributed to a rise in intra-Asia and Far East to Europe trade. While this rise in demand for the first half of December has not been reflected by an increase in rates, the severity of the decline has been notably weaker than seen in previous weeks.”

According to analysts, there will also be fewer blank sailings next month, with 6% of Asia-North Europe capacity set to be axed in January, compared with 15% in December, and 7% of transpacific capacity to the US west coast lost, versus 18% in December.

Whelan, S. (2022). Uptick in shipping demand as China loosens Covid restrictions. Retrieved from <https://theloadstar.com/uptick-in-shipping-demand-as-china-loosens-covid-restrictions/> on 9th December, 2022.

STAFF SPOTLIGHT

MEET SAVETH SAM

**SALES SUPPORT OFFICER
TOMAX LOGISTICS AUSTRALIA**

Describe yourself in 3 words?

Positive, team player and a MUM!

What is something you don't like the taste of?

Cheesecakes or custards.

The last book you read or TV show/ movie you watched?

I cannot remember!

If you could have any super power, what would it be?

The ability to grant everyone a healthy lifestyle free from all bad illnesses/ diseases so that we can live so much longer.

What is your role at Tomax?

I am a Sales Support Officer.

What do you enjoy doing in your spare time?

I don't have much spare time however, on the weekends I enjoy going to nice cafés, having brunch with my daughter, shopping, gardening and walking in the park.

If flights were free, where would you go?







Bali, U.S.A, Thailand and Cambodia.









SUDOKU PUZZLES

See if you can solve the following two sudoku puzzles below!

Puzzle 1:

Puzzle 2:

Answers:

1)

2)