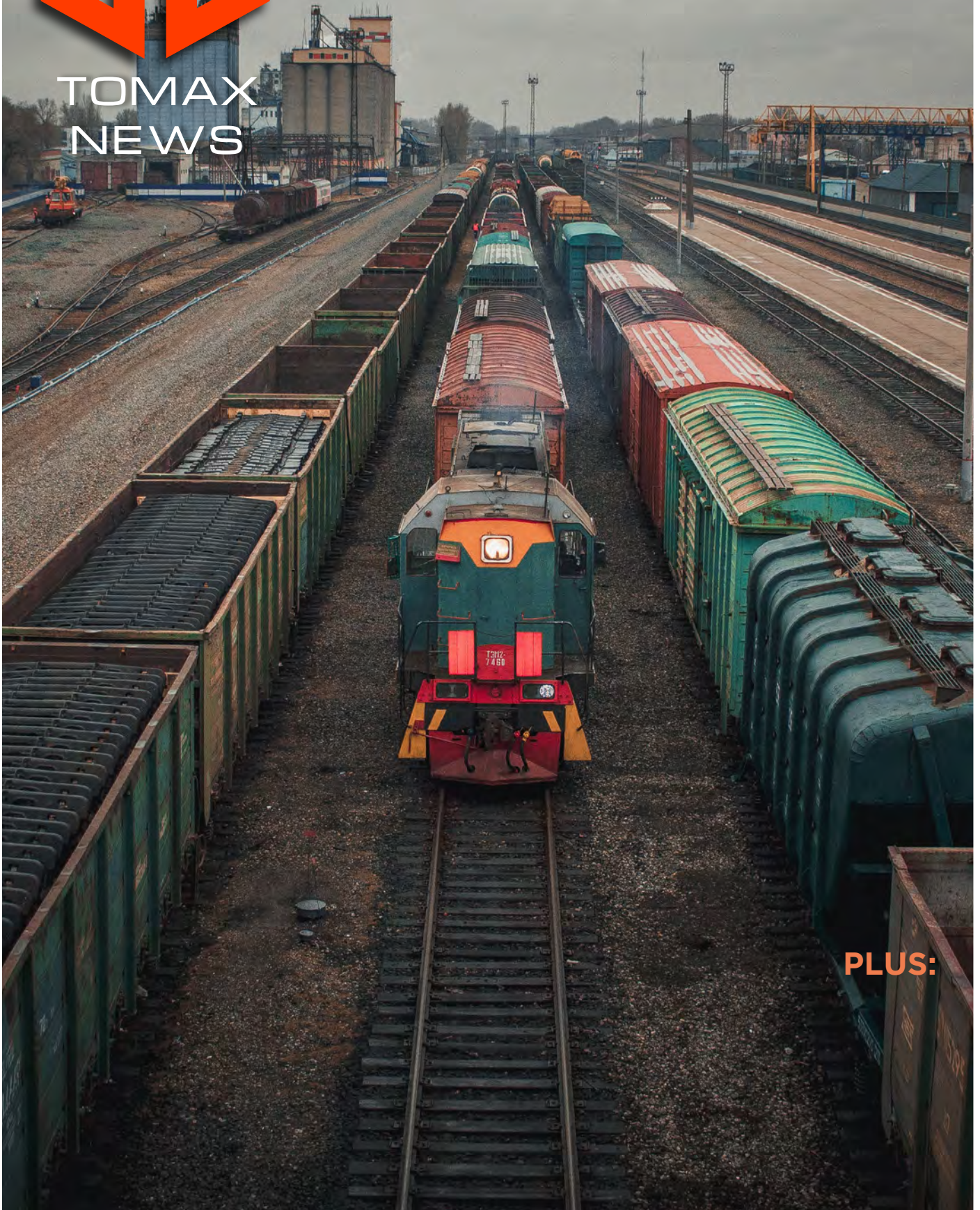




TOMAX
NEWS

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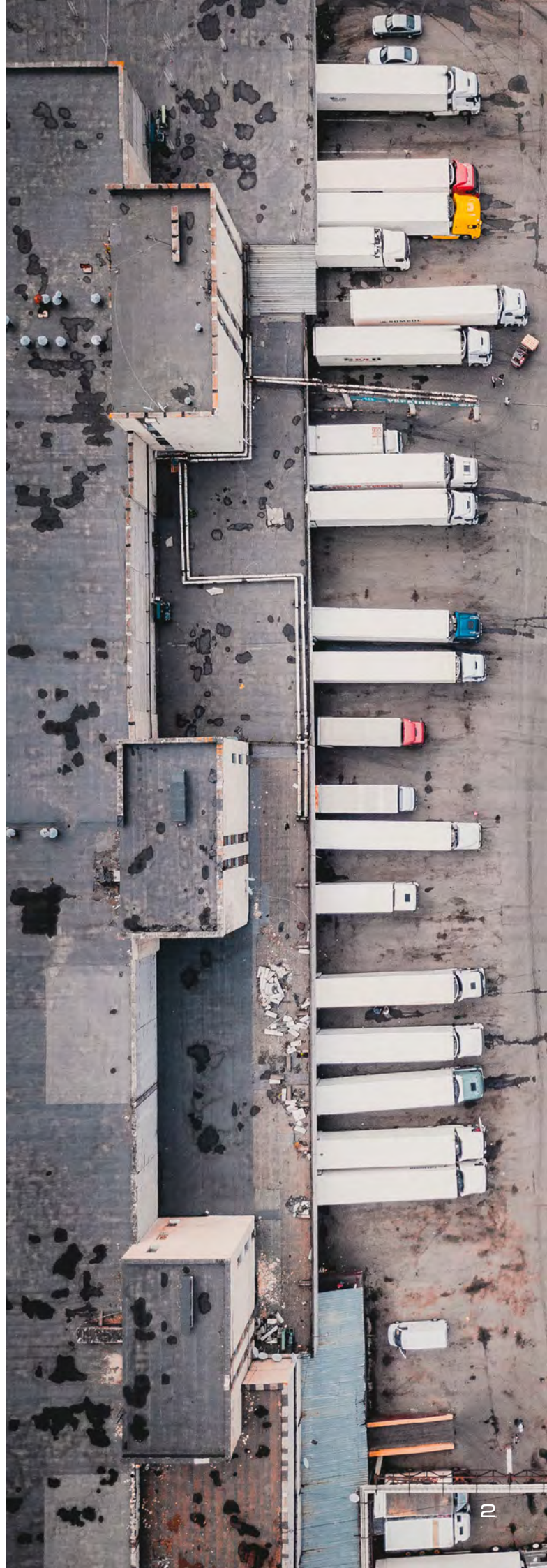
MARKET SUMMARY

- Ocean freight rates from Asia to Australia have started dropping again despite shipping lines attempting to apply a General Rate Increase (GRI) from mid June. New record lows are being hit on many trade-lanes. Shipping lines are scrambling to secure as much cargo as they can to fill up their empty vessels, which is pushing rates lower and lower.
- New Zealand has officially entered a recession phase as global economies continue to perform poorly as a result of low consumer confidence and spending brought on by rising interest rates which were in turn implemented as a result of high spending trends causing higher inflation. So as the ebbs and flows of economic cycles continue most people are preparing themselves for a difficult year ahead.

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. You can stay up to date with the weekly gazette via the Tomax Newsletter.

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MELBOURNE CBD'S NEW REDESIGN SPARKS CRITICISM FROM VTA

The Victorian Transport Association (VTA) has criticised the City of Melbourne's proposal to redesign the Hoddle Grid, involving further restricted access to key city thoroughfares for motor vehicles, delivery and freight trucks. City of Melbourne councillors voted for the council to release the "Future Streets Framework" for community consultation.

In the new design, sections of the CBD thoroughfares such as Flinders, Bourke and Spring streets will be closed to motorists with public transport users, pedestrians and bicycles be granted prioritised access.

Peter Anderson, VTA C.E.O, says the plan 'is the latest in a litany of City of Melbourne transport proposals that have a total disregard for freight and the reliance of small businesses and city traders on the transport industry.' He said, "before COVID, transport movement to and from the city for cyclists was 4% of total trips with cars representing 20% of total trips...since COVID, bicycle trips remain at 4% and cars now represent 43% of all trips."

He explains that despite this, the City of Melbourne has invested time and money to build cycling lanes, eliminate Loading Zones and disparege people who require the convenience of a car to do more things in the day other than just travel in and out of the city.

Peter added, "such inward looking, insular and isolationist perspectives are effectively telling 43% of city commuters that 'we do not want you in our city'. This presumably must include all the freight vehicles that are contracted to deliver, collect and transport goods needed by traders, developers, and residents to live and work in the city. The City of Melbourne has form when it comes to excluding the freight and logistics sector from its planning, so it's no surprise that once again hard-working transport workers are being marginalised from doing their work safely and servicing their customers and the community."

Misuraca, J. (2023). VTA criticises city proposal. Retrieved from <https://mhdsupplychain.com.au/2023/06/13/vta-criticises-city-proposal/#more-64342> on 14th June, 2023.





VICTORIA INTERNATIONAL CONTAINER TERMINAL EXPANSION WORKS UNDERWAY

Upgrade works at the Victoria International Container Terminal (VICT) are currently underway to expand its size and capacity, with the first phase due to be operational in 2024.

VICT C.E.O, Bruno Porchietto, advised that the \$235 million expansion will enable VICT to manage two 336-metre vessels simultaneously.

He said, “once the project is complete, our operations will expand from five quay cranes to eight, adding three new-generation cranes, 10 new automatic stacking cranes and 50% increased yard capacity. VICT will be able to handle neo-Panamax vessels of up to 14,000 TEUs, providing shipping lines with the opportunity to leverage economies of scale and thereby reduce supply-chain costs.”

The expansion consists of two stages:

Phase 1 - to increase VICT’s container capacity by 25% to 1.25 million TEUs, install two new quay cranes along with six new automatic stacking cranes (ASCs).

Phase 2 - install a third quay crane and another other four ASCs, which will be scheduled for completion in line with market demand.

Ackerman, I. (2023). VICT EXPANSION ON TO BE OPERATIONAL NEXT YEAR. Retrieved from <https://www.thedcn.com.au/news/containers-and-container-shipping/vict-expansion-on-to-be-operational-next-year/> on 13th June, 2023.



A POSSIBILITY FOR CONTAINER DEMAND REVIVAL?

A recent survey conducted by Container xChange, an online container logistics platform, sheds light on the sentiments of freight forwarders regarding the recovery of container demand. The survey, which involved 406 respondents, revealed that over two-thirds of them were optimistic about a demand recovery this year. However, half of those polled expressed uncertainty about the timeline for this recovery.

Container xChange's report highlighted that 51% of respondents were "guesstimating" without a clear outlook on when the container demand would bounce back. This sentiment aligns with the view of ocean carriers who continuously monitor shipping orders for signs of a substantial increase in demand but have yet to witness any significant changes.

Christian Roeloffs, CEO and co-founder of Container xChange, acknowledged that there are reasons to be pessimistic. The negative industry sentiment is influenced by disturbances in the US and Eurozone markets, leading to a loss in consumer confidence and creating a ripple effect. Despite the pent-up demand observed in late 2021, the industry is sceptical about a demand comeback, especially during the upcoming peak season.

The softness in demand for equipment further supports the expectation of a modest peak season. Average container prices continue to decline worldwide, which is contrary to the usual surge in prices seen during peak

season preparation. Container xChange's report emphasised the disappointing revival of demand based on an analysis of average container prices on their platform.

However, carriers are not yet dismissing the possibility of a peak season recovery this year. Some lines anticipate that it may arrive later than usual, primarily due to the absence of supply chain congestion and the availability of space on export loaders from Asia. Rolf Habben Jansen, CEO of Hapag-Lloyd, remains optimistic, suggesting that the second half of this year will see year-on-year growth during his company's Q1 earnings presentation.

As the annual Multimodal show takes place at Birmingham's NEC this week, industry participants, including carriers, forwarders, and shippers, eagerly await updates on market conditions. Despite the prevailing "doom and gloom" sentiments surrounding the liner sector, some shippers remain confident. They believe that inventories will eventually need to be replenished and retailers who lack updated stock in their warehouses may face challenges this year. While consumers may be more selective with their spending, they are still expected to contribute to economic activity.

Wackett, M. (2023). Late peak season on the cards? Some carriers not giving up hope. Retrieved from <https://theloadstar.com/late-peak-season-on-the-cards-some-carriers-not-giving-up-hope/> on 15th June, 2023.



IS USING AMMONIA FUEL FOR SHIPS A VIABLE ALTERNATIVE?

The recent rupture in the Tolyatti-Odessa ammonia pipeline has caused a blame game between Russia and Ukraine. Unfortunately, this incident involving noxious gas release into the forests of Masyutovka and Kharkiv is just one of two ammonia-related accidents that occurred this week. In another part of the world, Goa, India, faced its own ammonia leakage at the Mormugao Port Authority (MPA), prompting local firefighters to swiftly respond and contain the gas.

This week has been far from ideal for ammonia, which was once considered a rival to methanol in the race for widespread adoption of green synthetic fuels. One of its main advantages is the absence of CO₂ emissions from its exhaust, making ships powered by ammonia initially appealing to companies in terms of public relations. In light of this, Grimaldi has placed orders for around 17 ammonia-ready car carriers, while Hoegh Autoliners eagerly awaits at least eight. Seaspan, in collaboration with the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping, recently unveiled a design for a 15,000 TEU boxship, and even passenger vessels are being considered for this concept.

MSC, keen to set itself apart from its 2M alliance partner Maersk, has also shown interest in ammonia. In a recent

announcement of a memorandum of understanding with Lloyd's Register, Shanghai Merchant Ship Design & Research Institute, and MAN Energy Solutions, Giuseppe Gargiulo, the head of newbuilding at MSC, stated that the company would evaluate the safety and operational impact of zero-carbon fuels like ammonia.

However, ammonia is a chemical that rapidly seeks out moisture and binds to it, posing dangers when it comes into contact with the eyes, nose, and mouth. Concentrations of ammonia exceeding 100 ppm are hazardous, while concentrations over 1,000 ppm can be immediately lethal. Gregory Dolan, CEO of the Methanol Institute, highlighted the key safety difference between ammonia and methanol, emphasising that crew members must be trained on the physical properties and risks of methanol, which can be adopted with minimal changes and poses a lower threat to the environment if spilled.

On the other hand, ammonia is highly toxic, presenting a heightened risk to crew members and necessitating complex safety protocols for its transfer, handling, and storage. If a spill were to occur, containing it would be challenging, and the impact could escalate, especially if it happens in a port or coastal area. According to Hydrogen Science Coalition

co-founder Paul Martin, the sinking of a ship carrying ammonia could potentially sterilise vast expanses of ocean.

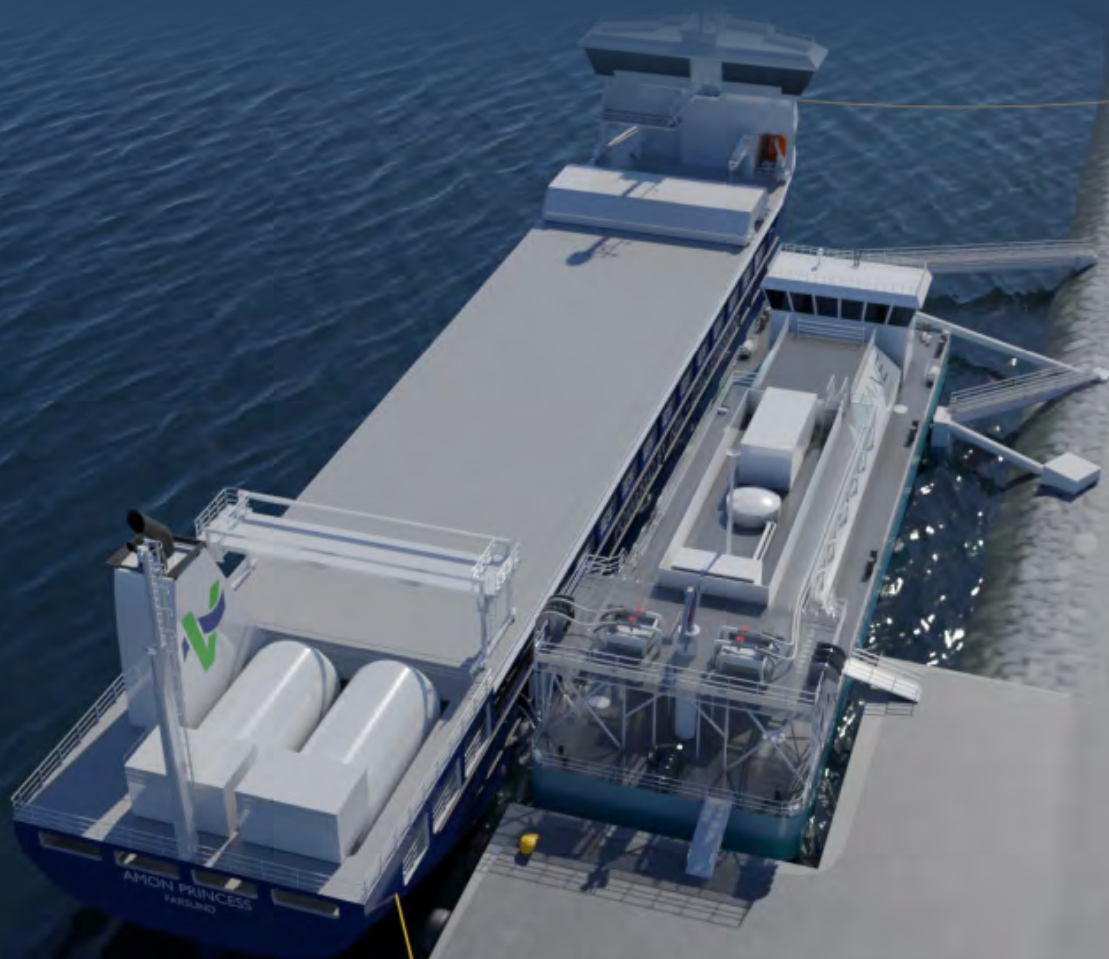
Considering the implications for an industry that experiences the loss of more than 50 large vessels (≥ 100 gross tonnes) annually, as reported by insurer Allianz, it is crucial to address safety concerns associated with ammonia. One loss prevention expert shared a harrowing experience of being on a tanker near a gas carrier in Lyme Bay during the 1980s. The gas carrier was venting its tanks, causing nausea, shortness of breath, and an overpowering smell and taste. The incident required intervention from the coastguard to mitigate the situation.

Classification societies like Lloyd's Register and Bureau Veritas are actively working to minimise risks associated with ammonia as a fuel. These efforts include implementing stricter leak prevention measures and onboard vapour gas processing systems. Nonetheless, vessels fueled by ammonia are likely to face heightened scrutiny from insurers, given their potential risks. Underwriters will closely

examine the risk profile of ships seeking insurance, considering factors such as their track record and precautionary measures in place.

In conclusion, the recent incidents involving ammonia highlight the need to address safety concerns and mitigate risks associated with its use as a fuel. While efforts are being made to enhance safety measures, the adoption of ammonia-fueled vessels is expected to face closer scrutiny from insurers. Ensuring the safe handling, storage, and transportation of ammonia is paramount to prevent accidents and protect the environment and the well-being of crew members.

Bartlett, C. (2023). Lies, leaks and lethality: is ammonia a safe fuel for ships?. Retrieved from <https://theloadstar.com/lies-leaks-and-lethality-is-ammonia-a-safe-fuel-for-ships/> on 15th June, 2023.



MAZE CRAZE!

Which delivery truck will reach the Tomax warehouse?

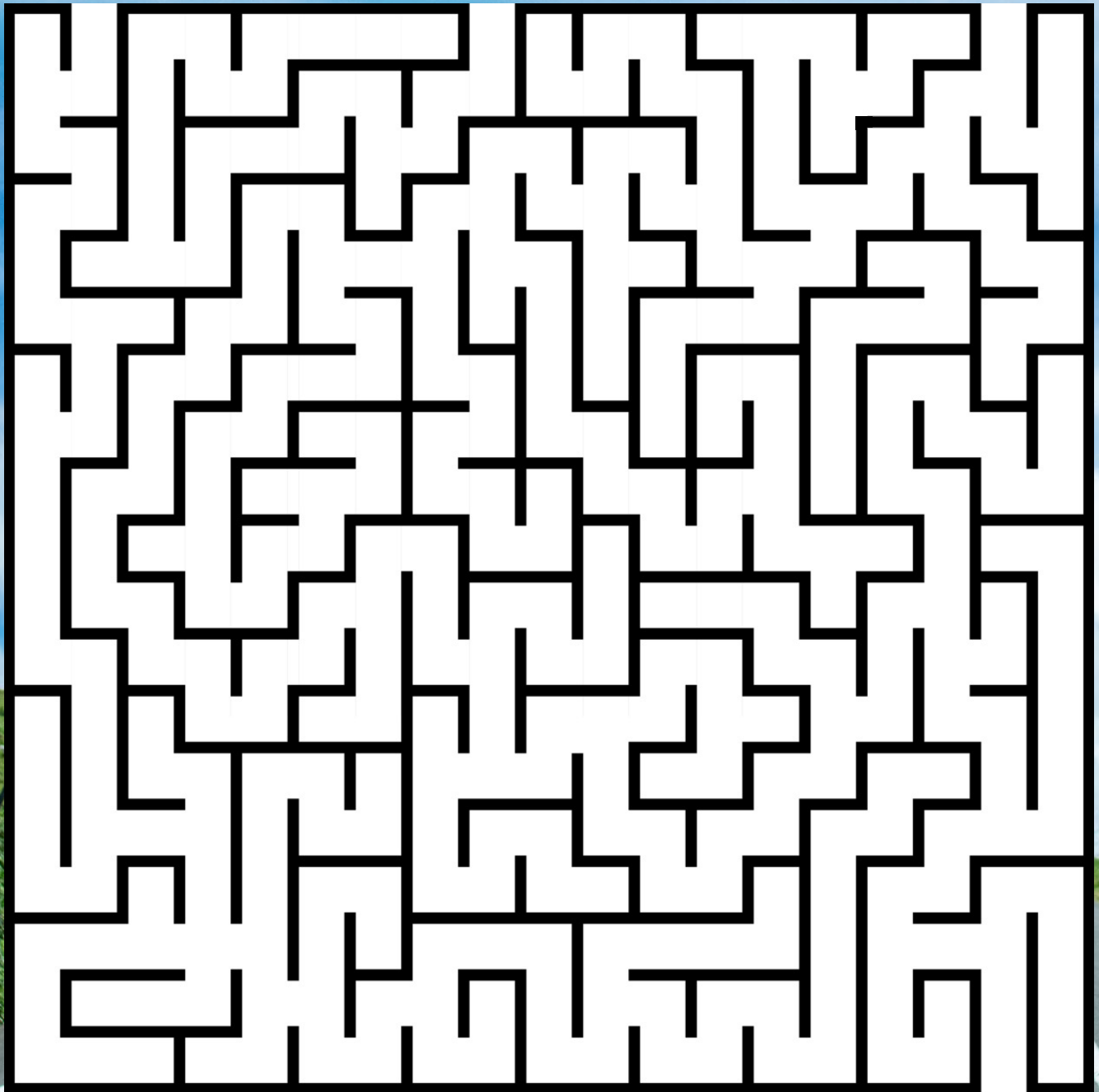
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