



TOMAX
NEWS

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PLUS:

MARKET SUMMARY

- Canadian port workers seem set to return to work as agreement has been reached between government and union representatives. The port of Vancouver has been heavily impacted by the strikes with weeks of backlogs now in place and a lot of uncertainty over when containers will be able to move on to their final delivery points. Clients with affected cargo will be kept up to date by our North American team as the situation progresses.

- Tomax recently celebrated it's 36th year in business and we'd like to take this opportunity to thank you for your support over these many years as we have grown our businesses together. Tomax now directly employs over 110 staff around the

globe and we are working to expand our range of services even further in order to support you in whatever supply chain needs you may have. Thank you from the entire Tomax team, we appreciate our close working relationships with all our clients.

- Shipping lines are again pushing to apply increases on the Asia-Australia trade-lanes announcing several planned GRIs to be implemented over the coming month. Space availability ex: China is starting to become tight with a surge in cargo bookings coming through currently. Please keep this situation in mind as you project your costings for the next few months.

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. When a new TCO is made, it is published in the Gazette by the Australian Border Force. 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](#)





ENHANCING CONTAINER SAFETY

The International Chamber of Shipping (ICS) has taken a significant step towards enhancing container safety by announcing a crucial update to the Unified Container Inspection & Repair Criteria (UCIRC). Developed in collaboration with the World Shipping Council (WSC) and Bureau International des Containers (BIC), the UCIRC was initially introduced in 2000 with the goal of improving container inspection procedures across all depots and interchanges.

The latest update to the UCIRC introduces a comprehensive framework to tackle pest contamination in containers, a growing concern in the shipping industry. The new criteria extend beyond addressing physical damage or structural deformations to include specific guidelines for identifying and dealing with pest contamination on and within containers.

In a joint statement, the ICS, WSC, and BIC emphasised the urgency of the matter. Over the years, the industry has seen an increase in contaminating pests hitchhiking in or on containers, potentially leading to the dispatch of containers empty from depots while carrying these unwanted passengers. The previous editions of UCIRC failed to provide adequate inspection guidelines for visible pest contamination, leaving room for such issues to go unnoticed.

The revised UCIRC now makes the inspection and removal of visible pest contamination an integral part of the container inspection and dispatch process.

This means that container depots and all other interchange points must follow special provisions for inspecting and addressing pest contamination. Just as structural defects require repair, dealing with pest contaminants becomes equally crucial before shipping the containers to the designated recipients.

Additionally, the updated UCIRC references the recently revised Prevention of Pest Contamination of Containers: Joint Industry Guidelines for Cleaning of Containers, published by BIC, WSC, Container Owners Association, and the Institute of International Container Lessors. This collaboration underscores the container shipping industry's commitment to proactively minimise pest contamination risks associated with the sea container pathway.

Given the global expanse of the container supply chain, which stretches across oceans and continents, it becomes incumbent upon all parties involved to ensure its safety. By embracing these revised criteria and guidelines, the container shipping industry demonstrates its dedication to upholding safety standards and safeguarding the environment from potential pest threats. Through this collective effort, container safety can be enhanced, ensuring the smooth and secure flow of goods worldwide.

Williams, A. (2023). Revised container inspection criteria aims to tackle contamination. Retrieved from <https://www.thedcn.com.au/news/law-regulation-trade/revised-container-inspection-criteria-aims-to-tackle-contamination/> on 19th July, 2023.

GOVERNMENT DEVELOPS DECARBONISATION STRATEGY

The federal government is taking decisive action to combat climate change by developing sectoral decarbonisation plans, with the transport sector being one of the key areas of focus. Climate change and energy minister, Chris Bowen, revealed this initiative during a speech to the Clean Energy Council on July 18th.

Apart from the transport sector, the government aims to create plans for other critical sectors, including electricity and energy, industry, the built environment, agriculture and land, and resources. Each industry plan will be a collaborative effort between Chris Bowen and the respective ministers, with Catherine King overseeing the transport sector.

To ensure broad-based engagement and input, the government plans to hold extensive consultations with the community during the planning process. Chris Bowen emphasised that the level and quality of dialogue and collaboration with industries, experts, and citizens will set these plans apart from any previous efforts. The ultimate goal is to develop robust, ambitious, yet achievable net-zero sectoral plans that gain acceptance from the broader community.

However, specifics on the decarbonisation plan for transport were not fully disclosed in today's announcement. Maritime Industry Australia (MIAL) acknowledged the importance of the Maritime Emissions Reduction National Action Plan (MERNAP), which will inform the broader plan for the transport sector. The MERNAP, with government funding announced in May, is set to be presented for approval in mid-2024.

MIAL's CEO, Angela Gillham, expressed encouragement over the government's recognition that sectoral plans are essential to attract the necessary investments for decarbonisation. The MERNAP, considering that a vast majority of Australia's goods and materials are transported by sea, plays a pivotal role in reducing emissions in the transport sector.

Given the urgency to meet ambitious interim targets aligned with the Paris Agreement, work on the proposed sectoral plans must proceed swiftly. Moreover, these plans need to be interconnected by a comprehensive national strategy that acknowledges the interplay of decarbonisation approaches across various industries and sectors.

Ms. Gillham stressed that the transport plan must have a national scope and remain technology-agnostic to drive the transition to the most cost-effective solutions. It is crucial to avoid potential unintended consequences, such as placing an unequal burden of costs on one transport mode compared to others. A holistic and collaborative approach is key to achieving the government's net-zero ambitions and combating climate change effectively.

Ackerman, I. (2023). GOVERNMENT TO DEVELOP DECARBONISATION PLAN FOR TRANSPORT. Retrieved from <https://www.thedcn.com.au/news/environment/government-to-develop-decarbonisation-plan-for-transport/> on 18th July, 2023.





UK BECOMES MEMBER OF CPTPP

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has achieved a significant milestone by admitting the United Kingdom as its first new member. The accession protocol was signed during the seventh meeting of the CPTPP Ministerial Commission in Auckland, New Zealand, on Sunday, July 16th, with representatives from all 11 CPTPP parties and the UK present.

Don Farrell, the Minister for Trade and Tourism, warmly welcomed the UK's membership into the CPTPP, noting that it builds upon the foundations of the Australia-UK Free Trade Agreement, which came into effect on May 31st. The CPTPP is a robust trade deal that eliminates a remarkable 98% of tariffs within its trade zone, encompassing a combined GDP of \$11.8 trillion and a population exceeding 500 million people.

The accession of the UK to the CPTPP was a result of the efforts of an accession working group, established in mid-2021, tasked with shaping the terms and conditions for the UK's entry. This working group presented the accession protocol and accompanying report, which received consensus approval from the Ministerial Commission on Sunday. It was confirmed that the UK demonstrated its ability to meet, implement, and adhere to the rules and standards set forth in the agreement, and has a commendable track record of fulfilling its trade commitments.

Following this agreement, CPTPP members will undergo their respective domestic processes to enact the accession protocol. The original members of the CPTPP include Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

Mr. Farrell emphasised the importance of the UK's accession, highlighting how it expands the scope of the trade partnership beyond the Pacific Rim. He highlighted Australia's dedication to maintaining the CPTPP as a high-calibre trade framework, with a robust accession process being key to upholding its standards.

Assistant Minister for Trade, Tim Ayres, echoed the sentiment, stating that the UK's entry into the CPTPP is a welcome step that will enhance regional engagement and create new trade and investment opportunities. Preserving the high-quality agreement aligns with Australia's interests in fostering collaboration with partners to cultivate an open, inclusive, and prosperous region, where the rules-based global trading system is respected.

Ackerman, I. (2023). UK BECOMES MEMBER OF CPTPP. Retrieved from <https://www.thedcn.com.au/news/law-regulation-trade/uk-becomes-member-of-cptpp/> on 17th July, 2023.

DAMAGING CONSEQUENCES OF BUNKERING FRAUD

Over the past year, fraudulent activities and inadequate supply chain practices have caused significant disruptions in the shipping industry. Around 600 ships experienced propulsion loss or were disabled due to bad fuel, resulting in substantial financial losses of approximately \$5 billion for shipowners and fuel suppliers, according to FuelTrust, a fuel testing firm.

FuelTrust's findings revealed that 39% of global bunker fuel exhibited "quality discrepancies," indicating widespread fraud within the industry. As the shipping sector transitions to more expensive and eco-friendly energy sources, there are growing concerns about the future.

Incidents of fuel contamination have been reported in various locations, such as the port of Houston, where about 100 ships were affected recently, with 11 of them experiencing propulsion loss, as reported by Veritas Petroleum Services (VPS). In 2018, the port of Houston experienced fuel contamination, revealing that compounds used in glue production had been mixed into the bunker supply.

Similar issues were observed in Rotterdam, prompting insurers to call for better fuel testing, and the ferry Walla Walla became another victim of bad fuel, losing propulsion and running aground in April of this year. FuelTrust's analysis indicated a 2% variance in fuel content, highlighting an "endemic lack of transparency, fraudulent practices, and inadequate supply chain management" prevalent in the bunkering industry.

The shipping sector is eager to embrace net-zero fuels, such as green methanol, green ammonia, and biofuel, to reduce environmental impact. However, as seen in recent cases, it is crucial for shipowners, bunker suppliers, and charterers to have better insight into their fuel supply chains. Improved information on the fuel used is an essential part of any serious greenhouse gas (GHG) reduction strategy.

Jonathan Arneault, CEO of FuelTrust, stressed the importance of providing visibility, traceability, and security throughout the fuel supply chain. Such measures would enhance operational efficiency, reduce environmental impact, and foster trust among all stakeholders.

The shift towards carbon-neutral or zero-carbon fuels requires methods for producing new fuels that are chemically indistinguishable from traditional options (e.g., 'brown,' 'grey,' or 'blue' fuels). These new fuels can play a significant role in reducing the shipping industry's greenhouse gas emissions. However, risks also arise from a fuel provenance perspective. To address these challenges, VPS has established a new division dedicated to decarbonisation and the evaluation of the purity of new fuel types. For example, biofuels are seen as an immediate option to reduce shipping emissions, but their distinct chemistry and behaviour demand specialised laboratory tests and advisory support to assess and monitor their quality effectively.

Bartlett, C. (2023). Bunkering fraud cost \$5bn and disabled 600 ships last year. Retrieved from <https://theloadstar.com/bunkering-fraud-cost-5bn-and-disabled-600-ships-last-year/> on 20th July, 2023.



METHANOL BECOMES GREEN FUEL FAVOURITE

The growing interest in green methanol continues to gain momentum, as Evergreen has placed an order for 16 newbuild vessels, each with a capacity of 16,000 TEU, at Korea's Samsung Heavy Industries. This significant deal is valued at \$3.1 billion, and the vessels are scheduled for delivery by the end of 2027. The order complements Evergreen's existing methanol newbuilds currently under construction at Nihon Shipyard in Japan, bringing the total number of methanol-fueled vessels to 25.

This move signifies a shift in preference towards green methanol over green ammonia, following the lead of Maersk in adopting methanol as the preferred new fuel for shipping.

In a separate development, MAN Energy Solutions has initiated a three-year research project, known as CliNeR-ECO, funded by the German Ministry for Economic Affairs and Climate Action. The project aims to develop a viable methanol retrofit solution for medium-speed engines, with the first retrofit of a fully functioning engine planned for the upcoming year.

The concept of retrofitting engines with methanol technology presents a promising solution to address scope 3 emissions, a challenge that has previously been overlooked. Retrofitting enables shipowners to transform their existing vessels, reducing the need for scrapping and new building construction, which is resource-intensive and emits large amounts of CO₂. By bringing down the

cost of retrofits, shipowners can offer zero- or near-zero emissions capacity to their customers quickly and at a lower cost compared to building new vessels from scratch.

Methanol is considered an ideal fuel for engine conversion on ships due to its liquid nature, allowing for straightforward integration of methanol tanks into existing ship designs. Christian Kunkel, head of combustion development at MAN Energy Solutions, emphasised the potential of climate-neutral methanol production to rapidly improve the environmental impact of the maritime industry.

In a related development, GoodFuels is set to provide biomethanol at the port of Amsterdam. While already offering drop-in biofuels, GoodFuels is shifting its focus away from ammonia, viewing biomethanol as an effective and scalable solution to reduce emissions in the maritime sector in the short term. This aligns with their vision to promote sustainability and environmental responsibility in partnership with like-minded organisations.

Overall, the growing interest in green methanol and its potential for retrofits and biofuel applications holds promise for significantly reducing emissions and improving the sustainability of the maritime industry in the near future.

Bartlett, C. (2023). Methanol becomes clean fuel favourite as Evergreen orders more newbuilds. Retrieved from <https://the-loadstar.com/methanol-becomes-clean-fuel-favourite-as-evergreen-orders-more-newbuilds/> on 21st July, 2023.



ON AND OFF CANADIAN WEST COAST PORT STRIKE

The recent strike at 30 Canadian ports has experienced a series of fluctuations, with work and walk-outs creating a rollercoaster of uncertainty. The strike, led by the International Longshore and Warehouse Union (ILWU), has seen periods of resumption and cancellation, leaving those involved with cargo flow through the ports in British Columbia on edge.

As of noon yesterday, the strike has been called off, but the situation remains uncertain. The federal government is actively seeking to resolve the stand-off and exploring its options. The prime minister's office has convened a crisis cabinet committee meeting to address the issue.

Earlier this week, port workers returned to the picket line after rejecting a deal brokered by a federal mediator, which was tentatively accepted by the union and the British Columbia Marine Employers Association (BCMEA) last Thursday. The ILWU members believed that the agreement did not adequately protect their present and future job interests.

The BCMEA has challenged the legality of the resumed strike, arguing that the union failed to provide a 72-hour strike notice. The ILWU, however, claimed that the strike was ongoing, thus exempting them from the notice requirement. The Canada Industrial Relations Board (CIRB) ruled in favour of the employers, declaring the strike unlawful.

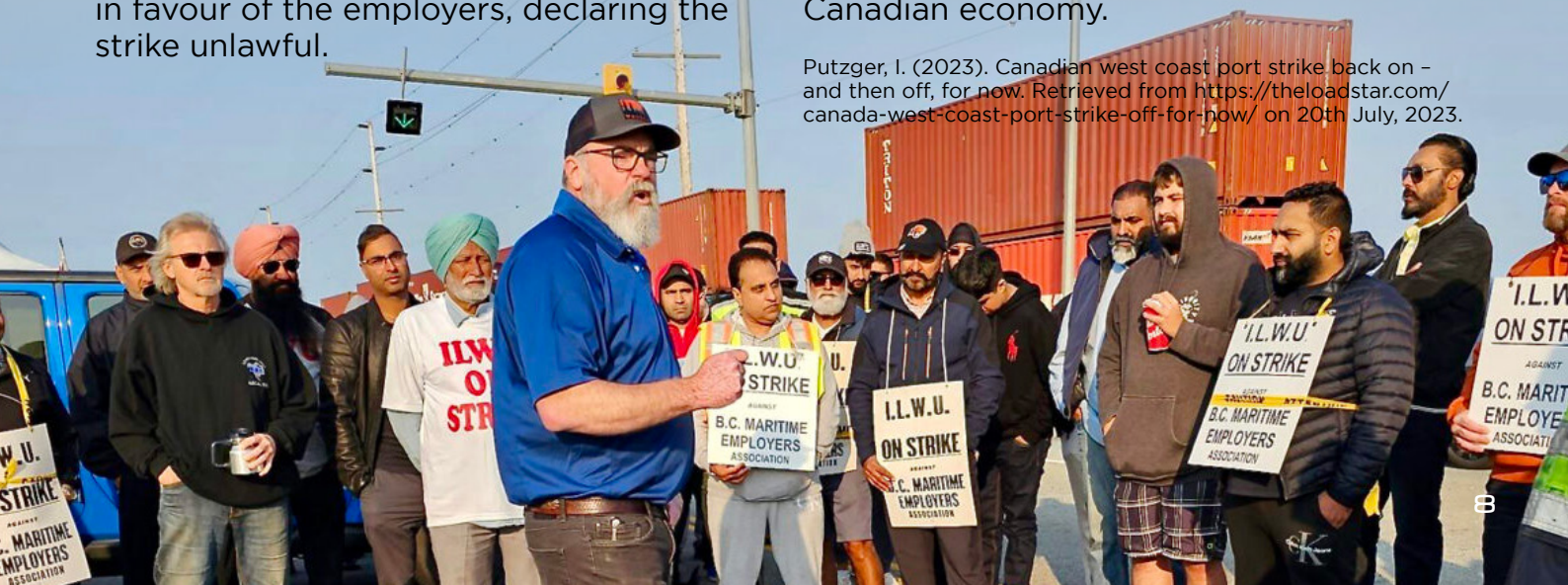
The federal labour minister, Seamus O'Regan, publicly stated that the strike is illegal and expressed growing impatience with the stand-off. In a joint statement with transport minister Omar Alghabra, they flagged the need to resume port operations and described the tentative agreement as fair and balanced.

Pressure from Canadian businesses and organisations, such as the Canadian Chamber of Commerce and the Canadian Federation of Independent Business, has led to calls for the government to pass back-to-work legislation. However, the government previously honed on the importance of reaching a negotiated agreement and expressed reluctance to intervene.

In response to the CIRB ruling, the ILWU issued a new strike notice, scheduled to take effect by Saturday morning. However, a few hours later, the union withdrew the notice with immediate effect, expressing a desire to return to the negotiating table and acknowledging the economic impact of the dispute.

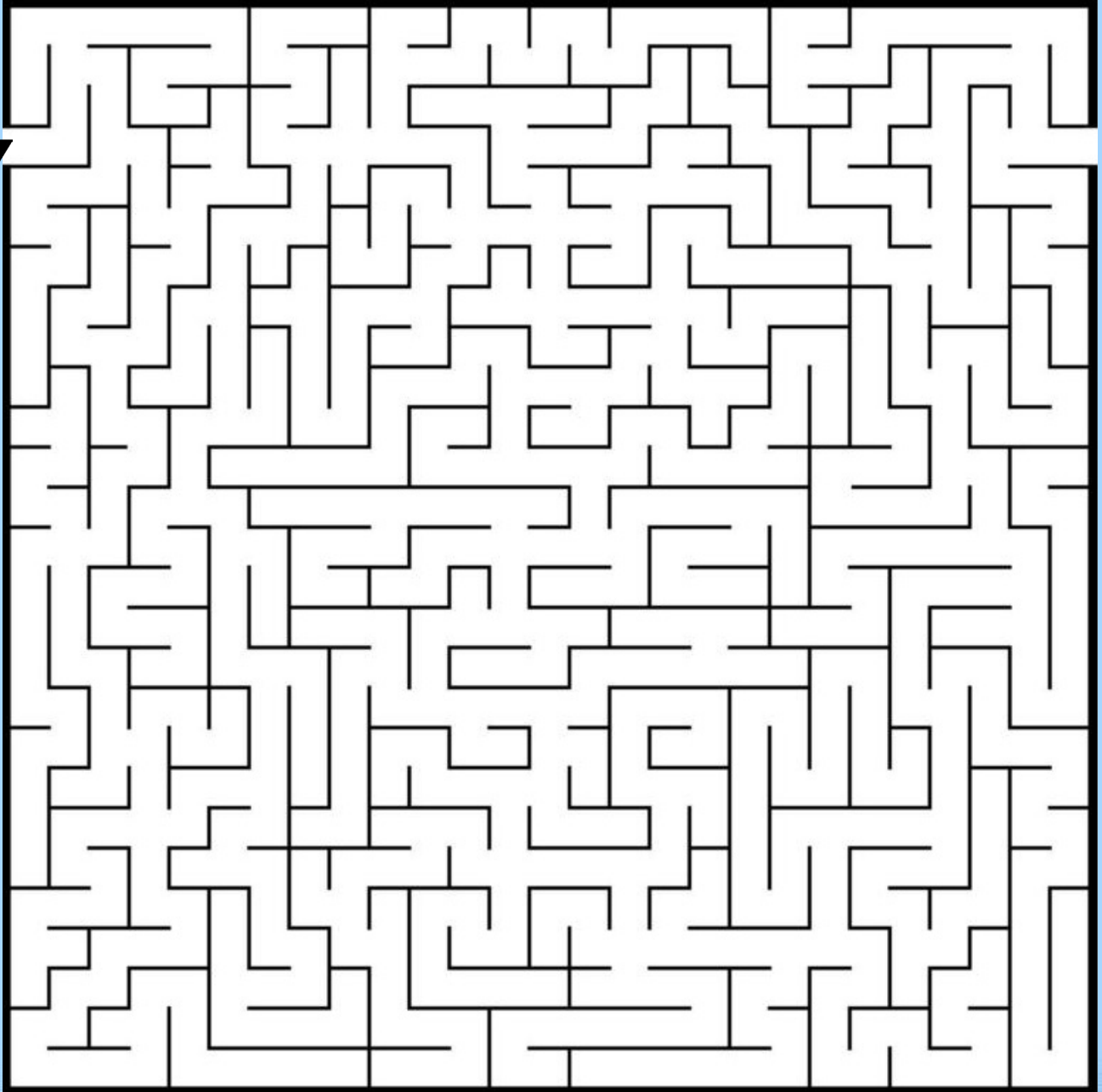
For now, the clash between the government and the union over back-to-work legislation is on hold, providing a temporary reprieve from the uncertainty surrounding the strike. The dispute has already had significant economic consequences, estimated at around C\$500 million (US\$379 million) for the Canadian economy.

Putzger, I. (2023). Canadian west coast port strike back on – and then off, for now. Retrieved from <https://theloadstar.com/canada-west-coast-port-strike-off-for-now/> on 20th July, 2023.



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