



TOMAX
NEWS

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PLUS:



MARKET SUMMARY

- Space for 3PL warehousing is available in our Melbourne and Perth operations. If you need help with storage, warehousing, or distribution please don't hesitate to reach out to our team on warehouse@tomax.com.au

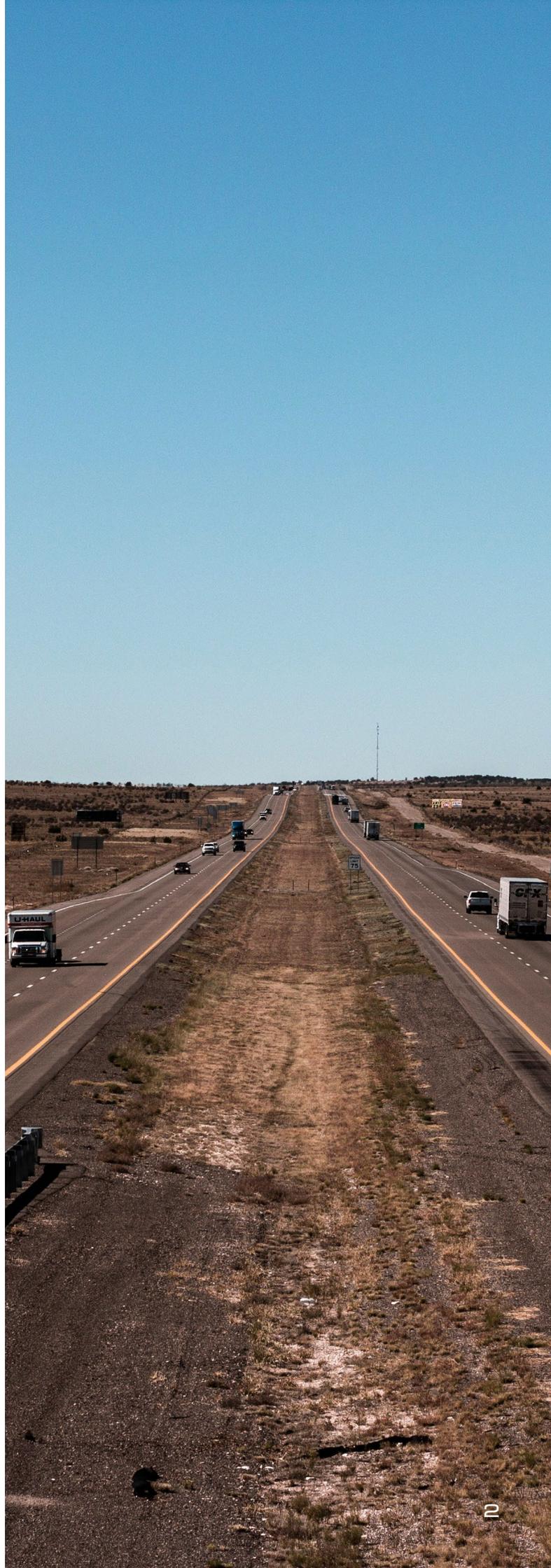
- The planned July General Rate Increase to be applied by shipping lines servicing the China-Australia trade-lane has failed, but lines remain buoyant that they will achieve near record rate levels during this year's peak season. Some lines are predicting (and aiming for) rates as high as USD 5,000 per 40'HQ container. Some lines are openly advising that if importers refuse to accept elevated rates then services to Australia will be further reduced so that shipping lines can make more money on other higher-paying routes. Rate levels are already providing lines a margin of around 500% over costs, and it appears that the profiteering will continue over the coming months.

- Are you on TOMAX LIVE yet? Our new online portal offers clients a unique customer service experience with access to in-depth information and LIVE tracking and updates on shipments. Call your Account Manager today to find out more about TOMAX LIVE.

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.

[CLICK TO VIEW LATEST GAZETTE](#)



BIOSECURITY PROTECTION LEVIES POSTPONED

The 2023-24 Federal Budget identified a need for “sustainable funding” to strengthen Australia’s biosecurity system. The federal government planned for this to be paid for on a “shared responsibility” basis taking total revenue from \$536.2m to \$804.6m by the 2024-25 financial year (including the introduction of new levies on Domestic Producers and E-commerce Cargo Reporters from 1 July 2024).

DOMESTIC PRODUCER LEVY

The Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) provided a detailed submission to the Rural and Regional Affairs and Transport Legislation Committee including a 3-point plan recommending the federal government:

- does not proceed with the complex proposed levy (referred to by the National Farmers Federation as a ‘fresh food tax’) costing Domestic Producers annually \$47.5m being 6% of the budgeted BPL;
- increase the Full Import Declarations (FID) cost recovery paid by Importers to recoup the above \$47.5m shortfall, and additional funds to address interim remedial action to support import processing until additional permanent resources and benefits of modernised systems are realised; and
- offset the increased FID cost recovery on importers, by introducing a Mandatory Code (as recommended by the Productivity Commission in their Review of Australia’s Maritime Logistics System) to address the current incontestable Terminal Access Charge (TAC) regime, that cost importers and exporters more than \$1.3 billion over the last three calendar years.

The FTA and APSA’s position was supported by major producer groups and appears to have been a significant

contributing factor to the federal government not progressing to vote on the Agriculture (Biosecurity Protection) Levies Bill 2024 [Provisions] and Related Bills.

While the Domestic Producer levy will not proceed on 1 July 2024, the concept remains alive with the Department of Agriculture, Fisheries and Forestry (DAFF) to progress renewed discussions with FTA, APSA and other peak industry bodies as a part of the recently established Sustainable Biosecurity Funding Advisory Panel.

E-COMMERCE CARGO REPORTER LEVY

FTA has been advocating for a delay to the proposed 1 July 2024 implementation of the new cost recovery charge for biosecurity clearance of declared low value goods (valued at AUD \$1,000 or less). Implementation of this new charge will now commence on 1 October 2024 with the intent to provide sufficient time for DAFF to engage with industry to address outstanding concerns in administering the arrangements. Furthermore, recent discussions examining issues relating to the proposed E-commerce Cargo Reporter levy has led to a call for a broader review on alternative collection methodologies to cast a wider net on all low value imports and to ensure a level playing field between logistics providers and Australia Post.



CLIMATE PROTESTS DISRUPT NEWCASTLE PORT RAIL TRANSIT

Rail transit operations at the Port of Newcastle faced obstruction attempts by climate protesters on Wednesday (June 25th). During the early morning, an individual climbed atop the Kooragang rail bridge in Newcastle, suspending themselves over the Hunter River in an effort to disrupt rail traffic to and from the Port. Later in the day, police responded to another incident where two women climbed onto a coal carriage in Sandgate, a suburb in Newcastle's north.

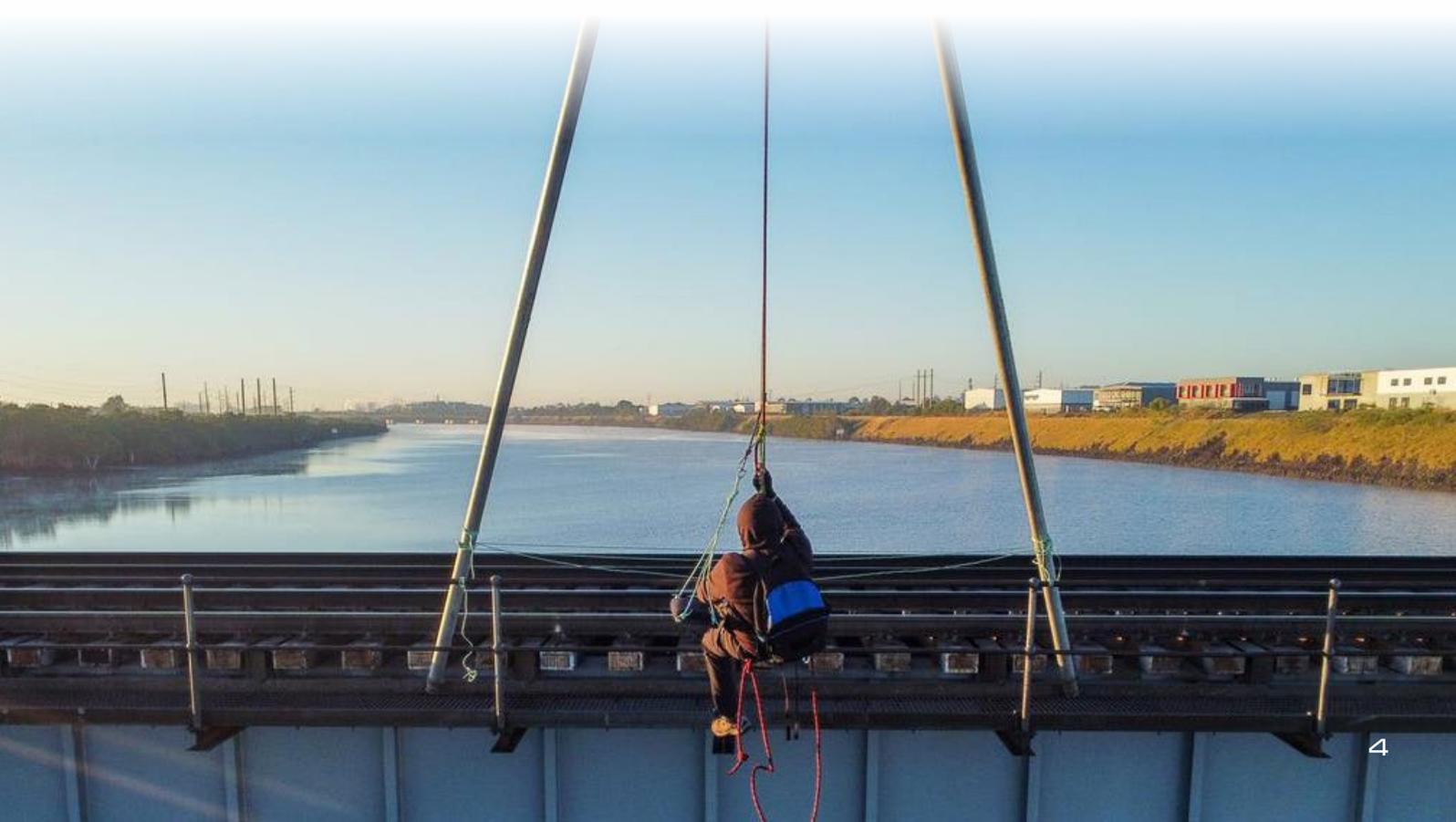
All protestors were part of a coordinated initiative by Blockade Australia, an activist group known for organising public protests to raise awareness on environmental issues. Blockade Australia's protests often target logistics, freight, metro, and port areas as part of their strategy to gain publicity by halting operations temporarily. In a press release following the events, Blockade Australia stated, "Blockade Australia is committed

to mobilisations that challenge key nodes in Australia's extractive industries."

The impact of these protests on the freight rail network's operations and the transit of cargo through the Port of Newcastle remains unclear, with authorities from the port and relevant freight logistics coordinators having yet to provide an update.

Newcastle, being one of the world's largest coal ports and a significant hub for Australia's coal export industry, plays a crucial role in the country's economy. As such, it has been targeted by protestors, following disruptions in June 2023 at the ports of Brisbane and Melbourne, where demonstrators attempted to block access to roads leading into these ports.

Murday, H. (2024). PORT OF NEWCASTLE RAIL TRAFFIC BLOCKED BY PROTESTERS. Retrieved from <https://www.thedcn.com.au/news/port-of-newcastle-rail-traffic-blocked-by-protesters/> on 26th June, 2024.





WHY DO SHIPPING PRICES CONTINUE TO RISE GLOBALLY?

Container shipping freight rates are skyrocketing to levels not seen since the peak of the COVID-19 pandemic. A combination of factors—such as low supply, international geopolitical instability, soaring demand and recent controversies within the industry—suggests these rates are unlikely to decrease in the foreseeable future.

A ‘code red’ warning was issued by a logistics company for nine out of ten major shipping routes from Asia, indicating severe capacity shortages. Only the Intra-Asia route remains operational at open capacity. The scarcity of capacity across Asia has led to a continuous escalation of freight rates globally, approaching the highs observed during the pandemic.

Professor Vinh Thai, an expert in logistics and supply chain management at RMIT and founder of AMLRN, attributes this instability to ongoing geopolitical tensions, particularly in the Middle East. He links these issues to the unresolved conflict in Ukraine and the persistent instability in the Red Sea region.

Recent events, such as the attack on the M/V Verbená by Yemen’s Houthi rebels, highlight the risks faced by shipping in these volatile areas. This incident, among others, has compelled vessels to opt for longer, safer routes, like circumnavigating the Cape of Good Hope, adding significant miles and costs to voyages.

The strategic Red Sea route, critical for 30% of global container traffic, has seen reduced usage due to frequent attacks,

exacerbating container backlogs. Maersk reports a 15-20% reduction in industry capacity this quarter, further straining global shipping dynamics. The fallout from these disruptions extends to the Australian freight industry, which recently grappled with a cyberattack on DP World’s terminals. This incident caused significant delays and a backlog of over 30,000 containers, compounding existing supply chain pressures. Thai emphasises that these challenges amplify the fundamental issue of supply and demand in container shipping. With demand soaring and supply constrained by various disruptions, freight rates continue to climb unabated.

Looking ahead, Thai predicts little respite in freight rates until late this year, citing persistent supply chain disruptions and unresolved geopolitical tensions as ongoing challenges for the industry.

Ultimately, the container shipping industry faces a turbulent period marked by soaring freight rates, exacerbated by geopolitical instability and operational disruptions. The path to stability remains uncertain, with significant impacts on global trade and logistics expected to persist in the near term.

The video below further explains the causes of soaring international sea freight rates and the downstream impacts to the ‘cost of living’.

[CLICK TO VIEW VIDEO](#)

Woods, D. (2024). Freight rate relief? Why worldwide shipping prices continue to rise. Retrieved from <https://www.fullyloaded.com.au/freight-rate-relief-why-worldwide-shipping-prices-continue-to-rise/> on 20th June, 2024.



MAERSK'S RECORD BREAKING CHARTER RATE

Charter rates have surged to \$150,000 per day as liner operators scramble for ships. Maersk Line, for instance, has agreed to pay this record rate to charter TS Lines' Kota Valparaiso, a 7,000 TEU vessel, for 3 months. Just weeks ago, CMA CGM set a new high with \$100,000 per day for Kota Callao, before both vessels transitioned to a long-term charter with Pacific International Lines. TS Lines originally commissioned these ships during peak COVID times from Shanghai Waigaoqiao Shipbuilding, aiming to expand into long-haul routes, but the market shift last year led to some vessels being chartered out.

Maersk and CMA CGM are likely to deploy these vessels on their Asia-South America services, where rates have surged to near two-year highs. Linerlytica reports that the 1.62 million TEU of newbuildings delivered this year have been fully absorbed by the market, exacerbated by the Red Sea crisis diverting over 1.6 million TEU since December. The consultancy notes ongoing global ship shortages, with freight and charter rates hitting new highs across all size categories. Logistical bottlenecks,

including port congestion, have further restricted vessel availability, with an estimated 500,000 TEU sidelined due to recent port congestion increases. Currently, the active fleet stands just above 25 million TEU, below December's peak of 25.5 million TEU.

Port congestion remains critical, particularly at South-east Asian hubs like Singapore and Port Klang, while ships arriving together from Asia have exacerbated berthing delays in northern Europe, notably Rotterdam.

Li, M. (2024). Maersk sets new chartering record with deal for \$150,000 a day. Retrieved from <https://theloadstar.com/maersk-sets-chartering-record-with-150000-daily-rate/> on 26th June.



METHANOL FUEL CELLS: MARITIME EFFICIENCY REVOLUTION

Blue World Technologies from Denmark has achieved a significant milestone with its 200kW fuel cells using methanol, marking a breakthrough that could see new technology installed on Maersk ships. This development aims to address a major challenge associated with methanol use.

Fuel cells are poised to become the next standard for generating auxiliary power on ships, utilising fuels like methanol, LNG, or ammonia. Maersk plans to pilot a 1MW fuel cell system on one of its methanol-powered vessels by 2026. Compared to traditional engines, fuel cells offer substantially higher efficiency by directly converting chemical energy into electricity, bypassing the intermediate heat phase of engines. This efficiency gain could reach 20%-30%, resulting in an overall electrical efficiency of 55%. Additionally, Blue World asserts that fuel cells enable “up to 100% carbon capture,” a feat impossible with engine exhaust due to energy requirements.

Given methanol’s lower energy content, improving its combustion efficiency is crucial for shipping. This improvement not only reduces the fuel quantity needed onboard but also cuts associated costs.

While fuel cells are typically associated with hydrogen, Blue World’s trial of high-temperature polymer electrolytic

membrane (HT PEM) demonstrates the feasibility of using methanol. This PEM technology could also be adapted for ammonia, while solid-oxide fuel cells (SOFCs) are suitable for LNG. Dennis Naldal Jensen, Chief Technology Officer at Blue World, hailed this as a major step in maritime decarbonisation, affirming the HT PEM technology’s potential to play a pivotal role in reducing emissions from challenging sectors.

While current engine technology is near its peak efficiency, fuel cells represent a nascent technology with significant room for improvement and development as adoption increases. Christian Vinther from Ballard Power Systems highlighted future prospects, envisioning containerised fuel cell setups capable of delivering 1.5MW per 40ft container. To match the power output of today’s large low-speed diesels, an array of 55 such containers would be required, reflecting growing interest in even larger 40MW systems.

Blue World Technologies’ advancements with methanol-based fuel cells represent a crucial step towards cleaner maritime operations, promising enhanced efficiency and reduced environmental impact in the shipping industry.

Bartlett, C. (2024). Methanol fuel cells – ‘a major breakthrough’ in maritime decarbonisation. Retrieved from <https://theloadstar.com/methanol-fuel-cells-a-major-breakthrough-in-maritime-decarbonisation/> on 26th June, 2024.

STAFF SPOTLIGHT



IAN RYMER COURIER DRIVER TOMAX TRANSPORT NSW



What is your role at Tomax?
I am a Courier Driver.

How do you spend your weekends/down time?
I spend my weekends hanging out with my wife, playing WOT (World of Tanks) on my PC and looking after the yard when required.

If your life was a movie title, what would it be called?
'Down but not out'.



A goal you wish to accomplish?
Winning the lottery!!



Do you follow any sports?
I follow the NRL and NBL.
My teams are the Dragons and Hawks.

If flights were free, where would you go?
I would love to go to Thailand!



Describe yourself in 3 words?
A free spirit!



FRIDAY FUNNIES

We hope these jokes put a smile on your face!!

I found a lion in my closet the other day!
When I asked what it was doing there,
it said, "narnia business."

What's a cat's favorite instrument?
Purr-cussion.

Why did the snail paint a giant S on his car?
So when he drove by, people could say:
"Look at that S car go!"

Humpty Dumpty had a great fall.
He said his summer was pretty good too.

Justice is a dish best served cold.
Otherwise, it's just water.

I can always tell when someone is lying.
I can tell when they're standing too.

The owner of the tuxedo store kept hovering over me when i was browsing,
so I asked him to leave me alone.
He said, "fine, suit yourself."

I found a book called How to Solve 50% of Your Problems.
So I bought 2.

Why can't you make a dinosaur omelet?
Because they're egg-stinct.

Why did the Rolling Stones stop making music?
Because they got to bottom of the hill.

What does a nosey pepper do?
It gets jalapeño business.

Did you hear about the pirate who became a great chef?
He mastered the seven sea-sonings.

What do you call a happy cowboy?
A jolly rancher.

