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# TOMAX NEWS

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# MARKET SUMMARY

• Shipping lines are making moves to try and consolidate their positions and retain elevated freight rates as we head in the China holiday in May. Blank sailings and port omissions are being put in place as demand is dropping of many trade-lanes. Lines had advised of their intention to apply General Rate Increases (GRIs) from 1st May, but the drop in demand on the trans-Pacific services and southbound Australia services may make that increasingly difficult.

• Domestically it is expected that the RBA will apply a rate cut at their next meeting to stimulate some further spending in the Australian economy. Jobless rates rose slightly in the last quarter according to government data reduced this week, but this was inline with expectations. Consumer sentiment seems to be stable currently.

# 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

# TARIFF PAUSE FAILS TO REVIVE TRANSPACIFIC TRADE

The 90-day tariff moratorium on U.S. imports, excluding those from China, has failed to halt the ongoing decline in transpacific shipping bookings.

On April 5, a baseline 10% tariff was imposed on all U.S. imports, with additional tariffs based on country set to begin on April 9. However, on April 8, President Donald Trump announced a 90-day pause on the extra tariffs, keeping the basic 10% in place—except for China, whose imports to the U.S. now face a 145% tariff.

Just four days later, Trump announced that smartphones and consumer electronics would be exempt from the additional tariffs, though he later threatened to reverse that decision. Despite these exemptions, analysts at Linerlytica reported this week that the changes have not restored transpacific trade volumes. U.S.-bound container bookings from China have fallen between 30% and 60%, while shipments from other Asian countries have contracted 10% to 20%.

The upcoming Labour Day holiday on May 1 in several Asian countries, including China, is expected to further reduce volumes. In response, three transpacific services—MSC's Mustang, Premier Alliance's PN4, and TS Lines' AWC—are being withdrawn, but analysts believe these cuts will not be enough to manage capacity or stabilise rates.

On Friday, the Shanghai Containerised Freight Index showed a 5% drop in Shanghai-U.S. West Coast rates, now at $2,202 per 40ft container, and a 2% decline in Shanghai-U.S. East Coast rates, which dropped to $3,226. Linerlytica warned that rates could fall below $2,000 in the coming weeks.

"There'll be further turbulence as carriers adjust rates downwards over the coming days to deal with falling cargo volumes from China," said the consultancy, "although rates from South-east Asia are holding up better, on expectations of a rebound in cargo volumes, it will not be enough to cover the drop in Chinese exports. Contract rate negotiations are now on hold until clarity is restored."

Despite the exemption for consumer electronics, an estimated 30% to 40% of transpacific container imports are still effectively halted by the tariffs that remain in place.

A report released by Barclays Bank yesterday suggested that the Trump administration is moving from a rules-based to a deals-based international order. The report said: "Given the rise of China in economic, technology, and military power, US policymakers have shifted their views from one of 'strategic engagement' to 'strategic competition'."

China's spending on research and development is now nearing that of the U.S.: in 2020, the U.S. spent just under $700 billion, while China spent about $550 billion.

Barclays said: "China's economic planning and rise in R&D spending has provided an ecosystem to develop traditional manufacturing, as well as next-generation, dual-use (civilian and military) technologies."

Koo, A. (2025). White House moves create yet more stormy water on the transpacific. Retrieved from https://theloadstar.com/white-house-moves-create-yet-more-stormy-water-on-the-transpacific/ on 16th April, 2025.

# SOUTH AUSTRALIA STRIKES $40M CHINA DEAL

South Australia's Minister for Trade and Investment, Joe Szakacs, is set to travel to China for a five-day mission focused on expanding trade opportunities, following the complete removal of trade restrictions between the two regions.

The visit coincides with promising growth in South Australian exports to China, highlighted by a new $40 million export agreement with China Eastern Airlines Cold Chain Logistics Ltd. The partnership is a key milestone, particularly as the state looks to increase international flight connections and strengthen economic ties.

This agreement is especially significant for South Australia's seafood and wine industries. In February 2025 alone, seafood exports to China surged nearly 500%, reaching $63.3 million. A major contributor was the Southern Rock Lobster sector, which accounted for $47.1 million in exports just two months after trade barriers were lifted.

South Australia's wine exports have also seen a strong rebound, hitting a post-tariff record of $790 million.

"While our Seafood Export Growth Program and China Wine Re-engagement Support Program have made incredible strides in reconnecting South Australian businesses with the China market, we cannot rest on those achievements," says Joe.

During his trip, Minister Szakacs will meet with leading business figures in the food and wine industries, including major buyers, e-commerce platforms and logistics companies. He will also hold discussions with senior Chinese government officials and academic institutions, aiming to further deepen trade, investment and cultural ties. A key part of the visit will be strengthening the long-standing relationship with Shandong, South Australia's sister province.

"My focus is to ensure that our growers, producers and businesses can capitalise on every available opportunity with our largest trading partner," Joe added.

Tan, A. (2025). South Australia targets new trade growth with China in ministerial visit. Retrieved from https://mhdsupplychain.com.au/2025/04/15/south-australia-and-china-trade-opportunities/ on 15th April, 2025.

# NUCLEAR POWERED CONTAINERSHIPS IN PROGRESS

This week, Lloyd's Register (LR) announced a collaboration with ship designer Seatransport to develop a floating nuclear reactor vessel, designed to deliver emergency power to coastal communities.

While this project focuses on workboats, LR's Mark Tipping mentioned that nuclear-powered containerships—the most compelling commercial application—may not be far behind. The advantages are clear: eliminating the need for bunkering would reduce reliance on oil markets and enable faster sailing without concerns over fuel costs or emissions. The first nuclear-powered container ships may even be encouraged to operate at higher speeds to gain market share, potentially resulting in a two-tier industry where slower, conventional vessels are pressured to cut rates.

"When looking at faster speed, there are a couple of things that can challenge you," Mr Tipping said, "you need to be aware of noise in the marine environment, which can be mitigated through hull form and propeller. You need, in some locations, to be careful of things like whales in the marine environment. However, you still have plenty of opportunities to go fast."

China's recent CSSC KUN-24AP concept hints at that future—a powerful, fast nuclear container ship designed to outpace competitors. However, Tipping noted the technology is still some years away.

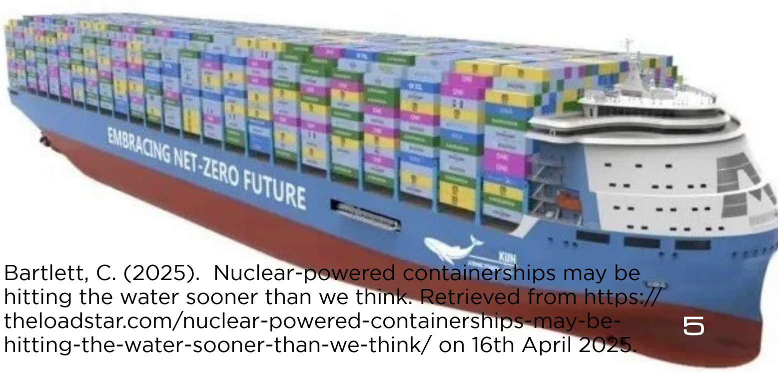
"I absolutely think we are going to see containerships with molten salt reactors… however, we're unlikely to see them available before 2035. That technology is likely to be in the second mover tranche, not the first."

Since the KUN-24AP was unveiled, the United States has shown renewed interest in nuclear-powered shipping. With its track record in building nuclear naval vessels, a protectionist stance, and a disregard for international shipping regulators, the U.S. may bring nuclear-powered commercial ships to market sooner than expected.

"The recent US moves are certainly enabling any US ship considering nuclear," said Mr Tipping, emphasising the importance of investment certainty. "Yes – fixed trade routes for a long period of time," agreed Mr Tipping, "but this is what you need anyway, with any of the other alternative fuels, confidence of being able to refuel at either end. It requires political stability to do that."

A lot depends on the evolution of small modular reactors (SMRs), which are designed to be far more self-sufficient than earlier systems. SMRs—an umbrella term covering various compact reactor types—aim to replace costly, custom-built nuclear plants with standardised units manufactured on production lines. Current naval reactors, like pressurised water reactors (PWRs), are reliable and familiar, used in submarines, aircraft carriers, and Russian icebreakers. However, they demand large crews and complex operations.

"Our precedent for nuclear is submarines, aircraft carriers, Russian icebreakers… they use technologies which are not current," explained Mr Tipping, "it's a bit like flying across the ocean in a biplane." He pointed to Project Pele, a U.S. initiative developing truck- or plane-transportable reactors to power remote military bases. These systems are designed to be operable with only six months of training. He added, "but we won't see that in the marine industry – no marine regulator is going to accept that kind of an approach. But it does give you a feel for the trajectory. Obviously, in the marine commercial market, there is no way we're going to have 20 or so crew looking after a reactor. So the design basis around these reactors is that they require minimal attendance to them. Yes, competent people, appropriately trained – but they don't need to be an army, and they're not going to need to be PhDs either."




Bartlett, C. (2025). Nuclear-powered containerships may be hitting the water sooner than we think. Retrieved from https://theloadstar.com/nuclear-powered-containerships-may-be-hitting-the-water-sooner-than-we-think/ on 16th April 2025.

# PATRICK TERMINALS & MUA EXTEND DEAL TO 2028

The Container Transport Alliance Australia (CTAA) has welcomed Patrick Terminals' announcement of a landmark agreement extension with the Maritime Union of Australia (MUA), which will see the company's Enterprise Agreement continue through to 31 December 2028.

Patrick Terminals CEO, Michael Jovicic, described the agreement as a major step forward. "This historic agreement roll-over provides a strong foundation for the future, ensuring stability for our employees and certainty for our customers in an increasingly dynamic global environment," he said.

Jovicic also reaffirmed the company's commitment to delivering reliable and resilient services to both quayside and landside clients, highlighting the agreement as a reflection of Patrick's dedication to productive workplace relations and long-term value.

The Enterprise Agreement will now be submitted to the Fair Work Commission for formal approval. The announcement follows recent landside performance data released by Patrick Terminals, showing marked improvements in truck turnaround times across its terminals in Brisbane, Sydney, Melbourne, and Fremantle. Since 2007, the company has significantly boosted efficiency while managing a volume increase of over one million TEUs.

Patrick Terminals' truck turnaround times are now outperforming several major international ports, including Los Angeles and Felixstowe.

The CTAA also acknowledged its ongoing collaboration with Patrick through the Landside Efficiency Group, which has helped foster stronger communication between container transport operators and terminal management. These discussions have been key in addressing operational issues and reviewing the impact of terminal investments.

Patrick Terminals remains the only Australian operator to voluntarily and transparently publish regular performance metrics online.

Hazell, P. (2025). CTAA welcomes Patrick Terminals' Enterprise Agreement roll-over. Retrieved from https://mhdsupplychain.com.au/2025/04/10/ctaa-welcomes-patrick-terminals-enterprise-agreement-roll-over/ on 15th April, 2025.

# SHIPPERS BRACE FOR RENEGOTIATIONS

The current state of the container shipping market, described as "absolutely nuts" by Patrik Berglund, CEO of Xeneta, is expected to lead to renegotiations of contracts, with concerns over rates and minimum quantity commitments (MQCs).

"Disruption has been constant for the past six years. It's one thing after another," said Mr. Berglund.

As highlighted in a recent report, "the colossal waves of uncertainty couldn't come at a more unfortunate time...April is traditionally annual contract signing season, when most shippers and their carriers conclude pricing and volume commitments for the next 12 months."

Mr. Berglund pointed out that U.S. tariff increases and pauses, which have stifled demand, combined with ocean liners' aggressive thirst for tonnage over recent years, have left him "concerned for carriers." He warned that during times of market turmoil, "carriers tend to be opportunistic," and that as the gap between supply and demand grows, liner operators would prevent rates from bottoming out by introducing surcharges. "There have been attempts to keep rates from bottoming, with small regular rate increases, but they've felt artificial," said Mr. Berglund.

This trend is already evident. Yesterday, Maersk announced a peak season surcharge (PSS) from Far East Asia (excluding China & Hong Kong) to the U.S. and Canada, effective from May 15, of $1,000 per TEU. The Danish carrier will also charge $500 per TEU for cargo from Turkey and Egypt to the U.S. and Canada.

Earlier this week, Hapag-Lloyd declared a general rate increase (GRI) of $500 per TEU from Asia to Latin America, effective April 22. MSC also announced a PSS of $800 per TEU on shipments from North Europe to the U.S., Canada, Mexico, Puerto Rico, and the Bahamas, starting May 13.

Fabio Brocca, chief product officer at Xeneta, advised that on many trades, shippers could make savings by sticking to the spot market.

However, Alan Murphy, CEO of Sea-Intelligence, said, "the spot market is bound to be a wild ride in 2025, but at the moment, just based on the tariff madness, I don't know the direction it'll move."

Xeneta predicted that there would be "lots of renegotiating of contracts made over the past two quarters," with Mr. Brocca adding that shippers would need to reassess whether they could meet their MQCs.

Goldstone, C. (2025). 'Tariff madness' will prompt renegotiation of ocean shipping contracts. Retrieved from https://theloadstar.com/tariff-madness-will-prompt-renegotiation-of-ocean-shipping-contracts/ on 17th April, 2025.

# HAPPY EASTER!!

Please note that all Tomax Australian Offices and Warehouses will be closed from Friday 18th April 2025 and reopening on Tuesday 22nd April 2025 due to the Easter weekend public holiday.

If you have any questions or would like to get in touch with our friendly Tomax team, please give us a call on 1300 186 629.

We are wishing everyone a safe, relaxing and enjoyable break!

Best Wishes,

*Team Tomax*

# SPOT THE 5 DIFFERENCES

See if you can spot the five differences between the two images?
Answers will be released in the next issue of the Tomax Newsletter.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