



TOMAX
NEWS

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PLUS:

MARKET SUMMARY

- The Ever Given has been freed from the banks of the Suez Canal, but the ramifications will be felt for some time to come. Shipping lines are expected to take the opportunity to implement new fees and surcharges going well above what could be considered reasonable cost recovery. Empty container repositioning, especially to the buoyant Chinese market, will be further delayed resulting in increased equipment procurement issues.
- Airfreight services from China to Australia have been severely cut recently with China Southern (CZ) making dramatic changes to their flights to Australia, reducing some services down from daily to once per week. Airfreight pricing is rising as a result in conjunction with a sudden increase in demand on the China-Australia lane.
- The Easter long weekend is here and with it comes the usual despair for transport companies having to manage the collection and handling of containers available at the various terminals exclusively over the holiday period. Surcharges are applicable to any containers that having availability falling over the 4 day weekend. There are around 20 vessels Australia wide that are affected.
- The Brisbane COVID-19 lockdown is over early and residents are now free to return to normal with only a few requirements remaining, such as masks being worn in indoor spaces and public transport.

EASTER WEEKEND SURCHARGES

This Easter holiday long weekend will mean the usual difficulty for transport companies in collecting containers over the holiday to avoid time up and storage situations. Many vessels will be partially or fully available during the holiday. Transport companies around Australia will be working on several of the holidays in order to collect containers accordingly.

For example, the Hyundai Premium v.0074S arrived into Melbourne on 29th March, and the containers will be available for collection on Saturday 3rd, Sunday 4th, and Monday 5th April. If containers are not collected until Tuesday 6th April they will have incurred storage, so transporters will be forced to collect the containers during the holiday.

Affected vessels in Melbourne are listed as follows:

- Kota Legit v.042S
- GSL Africa v.912S
- Hyundai Premium v.0074S
- CSAV Tocanao v.110S
- Wide Hotel v.082S
- CMA CGM Puccini v.109S
- Xin Yan Tai v.210S

All containers collected from terminals during the long weekend will unfortunately incur a weekend surcharge or a public holiday surcharge. The surcharge amounts vary depending on the day and the carrier. For any queries on this situation please speak to your Tomax account manager or transport coordinator.



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EVER GIVEN FINALLY FREED

Salvage teams have finally managed to free the Ever Given, the mammoth container ship that was stranded for nearly a week in the Suez Canal. The successful re-floating operation has ceased a crisis that clogged one of the world's most vital trade routes for oil and grain and other trade linking Asia and Europe. A few days ago, the Suez Canal Authority estimated it could take "weeks still" to free the 400-metre-long vessel. In agreement was Peter Berdowski, the head of Dutch company Boskalis, who helped to free the ship. "We can't exclude it might take weeks, depending on the situation," he said.



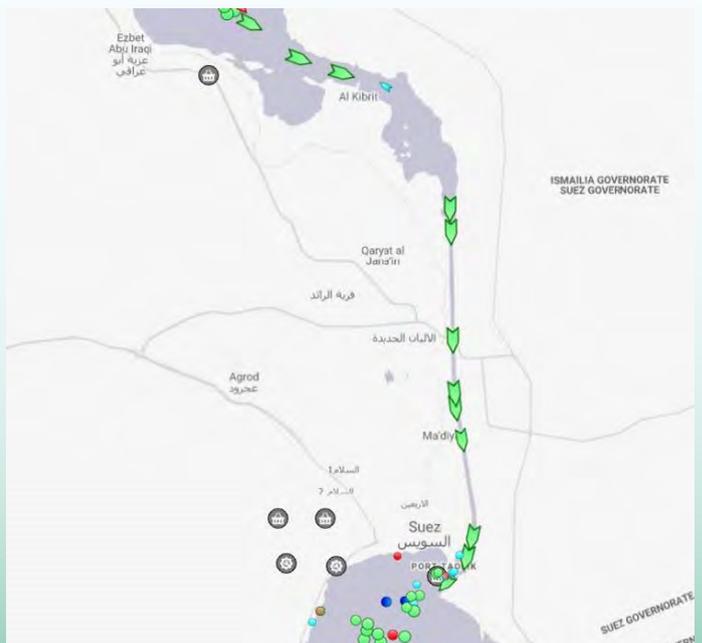
HOW EVER GIVEN WAS FREED

On Monday, a fleet of tugboats assisted by the tides, managed to wrench the bow of the Ever Given from the canal's sandy bank. Fourteen tugboats pushed and pulled to budge the colossal ship from shore, whilst their work was assisted by a high tide at dawn. Specialised dredgers also worked to dig out the stern and vacuum sand and mud beneath the bow. While the Ever Given was stuck, the rising and falling tides applied stress on the vessel, highlighting concerns of the possibility of it cracking. This deemed the operation as extremely delicate. Suez Canal Authority chief Lieutenant General, Osama Rabei, praised the efforts of the workers to re-float the ship, saying they "achieved a very difficult mission in

record time," without damaging the vessel or its cargo. Residents from the village of Amer, which overlooks the canal, cheered as the vessel finally moved along. The International Transport Workers Federation welcomed the news of Ever Given's re-floating with general secretary, Stephen Cotton, saying the operation had showcased the importance of tugboats. Stephen said, "there will be dozens of ships across the world that are right now beached, stuck or floating without engine power that are being assisted by tugboat and towage workers working around the clock. They should take pride in how their profession has helped resolve this situation in this world's busiest waterway. I hope these workers get the recognition they deserve."

CLEARING THE TRAFFIC JAM IN SUEZ

On Monday 6:00pm, navigation in the canal resumed. From the city of Suez, ships stacked high with containers were seen exiting the canal into the Red Sea. Lieutenant General Rabei stated that at least 113 of more than 420 vessels whom had waited for the Ever Given to be freed were expected to cross the canal by Tuesday morning. "Within 12 hours, 113 ships will cross in different convoys, either from Port Said or from Suez," he said, "this means that within 3 days to 3.5 days, the delay will be compensated, and we will not sleep."

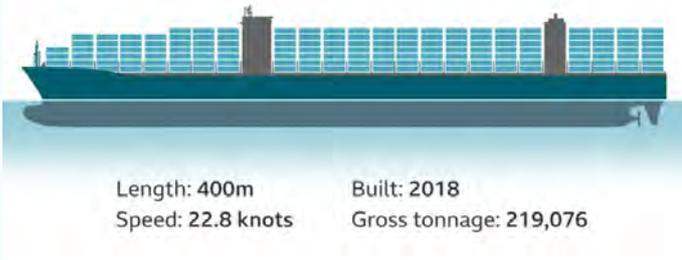


Current swathe of vessels navigating the southern part of the canal towards Suez.

THE EVER GIVEN NOW

The Ever Given is currently undergoing inspections at the Great Bitter Lake, a wide stretch of water halfway between the north and south ends of the canal.

MV Ever Given



THE COST

Lieutenant General Rabei estimated the cost of losses due to delays ranged between \$12 to \$15 million USD per day. With the crisis nearly lasting a week, this is a minimum loss of \$84 million USD. The ship is currently under investigation to confirm its safety and reveal the cost of damage to the vessel. The head of the Suez Canal Authority believed the accident had proved the importance of the canal to the world. “Since the time of the accident, oil prices rose ... the number of ships waiting until now, 422 ships, and none of them thought of taking an alternative route despite the canal being stopped for six days,” he said, “if they saw an alternative, they would have used it. The Cape of Good Hope is 10,000 miles more, which means three weeks more in addition to the security risks in it.” The world’s largest shipping line, Maersk, reported that it had in fact re-routed 15 vessels to traverse the Cape of Good Hope around the southern tip of Africa in an effort to reduce the impact and delays on customers. Since the Ever Given was re-floated Maersk advised that two vessels had been sent back to the canal to join the queue of vessels.

HOW EVER GREEN RAN AGROUND

Speculations by the Suez Canal Authority believe it had run aground after losing visibility and thus, the ability to steer during high winds and a dust storm. Evergreen Marine also stated it was the strong winds. However, Lieutenant General Rabei said on Saturday claimed that the strong winds and weather were not the only factors responsible, indicating that there “may have been technical or human errors”.

THE HUMAN FASCINATION WITH DISASTER

A lot of the world watched on in fascination as the Ever Given crisis unfolded and the damage and impact to the global shipping industry worsened. Since the Ever Given was freed on Monday a worldwide barrage of tweets and memes has erupted with people jokingly asking for the vessel to be put back so they can watch the drama unfold. The phrase “PUT IT BACK” has been trending on social media over the last 24 hours.



THE GLOBAL IMPACT ON SUPPLY CHAINS

Overall vessel schedule reliability will be significantly impacted by this incident for months to come. There are three contributing factors to this, the first and most obvious being the fully laden inbound vessels from the Far East and West Central Asia that have been waiting at the canal for the blockage to be cleared. It is still unclear when they are expected to arrive at their destinations and what the port situation and related delays would be when they do. The second comes in the form of re-routed vessels around the Cape of Good Hope. This typically adds around a week to the transit time. All of which plays into the third and least obvious reason for schedule disruption as it now relates to return transits. As the vessels contend with late arrivals followed by landside and port congestion issues, this ultimately prevents them from returning to Asia on time for their scheduled rotation putting a continuous knock-on strain to network performance and schedule reliability

A one-week delay in vessel arrival ultimately leads to a one-week delay in vessel return to Asia. The net effect of this is a reduction of one week's capacity from the network due to the delay in service. Typically to resolve the same, shipping lines would either defer the capacity to other services or look to charter a vessel to resolve the capacity gap. In today's market however, neither options are available as all capacity and vessels are in operation. With the average delay in transit due to the Suez incident estimated to be upwards of 2 weeks and with arriving vessels expected to contend with severe port congestion issues, we're likely looking at significant capacity loss across the global network in the coming weeks. Ultimately a right sizing of the network will have to be taken in order to account for the continued delays and this will unfortunately come in the form of blank (cancelled) sailings as that remains the only option to bring schedule reliability back in line.

The industry has been facing significant equipment shortages in Asia since Q3 of 2020. While every effort has been made to resolve the same including the in-fleeting of new and leased equipment to support the demand, the most crucial lever remains in the ability for

shipping lines to return containers on schedule to Asia from all regions globally. To this end, the Suez event has placed a 2-week minimum delay in container repositioning back to Asia. With no signs of demand ebbing, equipment teams are continuing all efforts to position both dry and reefer equipment as intended and needed at origin while actively reviewing how sailings in the coming weeks may be adjusted, which will affect the delivery of both laden and empty containers to those origins. Finally, terminal capacity around the world needs to be accounted for as a variable; as container yards become strained and new restrictions are imposed. These knock-on effects will likely cause disruption through April around the world.

Needless to say, the impacts of the stranding of the Ever Given, whilst a fascinating show while it lasted, will be felt for quite some time to come. The true cost outcome will not be known for some time yet, but the financial implications are just a small part of the impact. Service reliability, booking availability, and on time arrival of cargo will be the biggest issues for shippers and importers over the next coming months.



STAFF SPOTLIGHT

MEET BRETT WATSON

CUSTOMS COMPILER
TOMAX LOGISTICS AUSTRALIA



WHAT DO YOU DO AT TOMAX?

I am a Customs Compiler.

YOUR FAVOURITE HOBBIES?

Photography, ice hockey and eating.

THE PERFECT HOLIDAY?

Amazing street food, deep music culture and lengthy coastlines.

YOUR SPIRIT ANIMAL?

Hawk & Bear - I was told by a healer once!

YOUR FAVOURITE CUISINE?

Soooooohoooo hard...today it's Oaxacan (Regional Mexican) and Malay.

ONE THING THAT CAN INSTANTLY MAKE YOUR DAY BETTER?

My daughter...cause she's freakin' adorable!

WHAT IS THE GREATEST INVENTION OF ALL TIME?

Dial-up modem, I'm old enough to have the sound baked into my memory bank.



HAPPY EASTER!



The Tomax Team are wishing you and your families a safe and wonderful holiday! Please note our office closure dates:

Friday 2nd April
CLOSED due to
Good Friday

Monday 5th April
CLOSED due to
Easter Monday

EASTER FUNNIES

We hope these jokes will lift your mood as we approach the long Easter weekend!

What day does an Easter egg hate the most?

Fry-day!

What do you call a line of rabbits jumping backwards?
A receding hare-line.

What do you call a mischievous egg?

A practical yolker.

What do you call a rabbit with fleas?
Bugs Bunny!

Why shouldn't you tell an Easter egg a joke?

It might crack up!

What kind of jewellery do rabbits wear?
14 carrot gold.

What is the Easter Bunny's favorite kind of music?

Hip-hop!

Where does the Easter Bunny get his eggs?

From an eggplant!

What kind of stories do Easter bunnies like best?

Ones with hoppy endings!

What is the Easter Bunny's favorite sport?

Basketball.

