



TOMAX
NEWS

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PLUS:



LATEST NEWS

IMPORTERS SUFFER FROM LOW QUALITY CONTAINERS - THEN BILLED FOR DAMAGE

The ongoing shortage of empty containers in China to be utilised for shipping to worldwide destinations continues to plague shippers and importers. The week long blockage of the Suez Canal only exacerbated the situation further. The number of new container manufacturing orders being placed by shipping lines continues to outstrip the supply lines, and as such every single container able to be utilised for shipping is being put into the trade. Many of the containers are very old and suffering from existing damage to walls and floorboards.

Shippers in China are having to scrap and fight for containers in order to pack goods and make room in their warehouses, often turning up to empty container parks only to be told there are no containers available. Given the difficulty in obtaining containers, when shippers are able to secure a container the last thing they are likely to do is return it to the park due to existing damage, and this is where the problems start. Currently many importers are receiving invoices and demands from shipping lines for repairs to containers for damage that is found after the empty container has been returned here in Australia. More often than not, the damage was pre-existing and is not the fault of the shipper or the importer, but the shipping lines won't hesitate in chasing the importer for payment of repair costs.

It is vital that shippers take time to inspect the container prior to packing, and report any existing damage along with photos to the shipping line or Tomax China office at origin. If the damage can be identified and reported in advance, it reduces the opportunity for the shipping lines to claim damage repair costs at destination. Importers are encouraged to speak to suppliers and inform them about these issues and seek assistance to avoid exposure to the potential unnecessary wastage of time and money.

For more information please do not hesitate to contact the transport team at Tomax Logistics on 1300 186 629.



SURGE IN CONTAINER FREIGHT RATES: EXPLAINED

A new surge in container spot freight rates, triggered by the blockage of traffic in the Suez Canal by the Ever Given megaship in March, comes as a dagger after the rates seemingly started to settle after being struck by the Covid-19 pandemic. As shipping rates are a vital component of trade costs, the new hike poses as an extra challenge to the world economy as it struggles to recuperate from the worst global crisis experienced since the Great Depression.

Jan Hoffman, head of the trade and logistics branch of the United Nations Conference on Trade and development, says “the Ever Given incident reminded the world just how much we rely on shipping. About 80% of the goods we consume are carried by ships, but we easily forget this.”

Global trade will be hit by the container rates since almost all manufactured goods such as clothes, medicines and processed food products are shipped in containers.

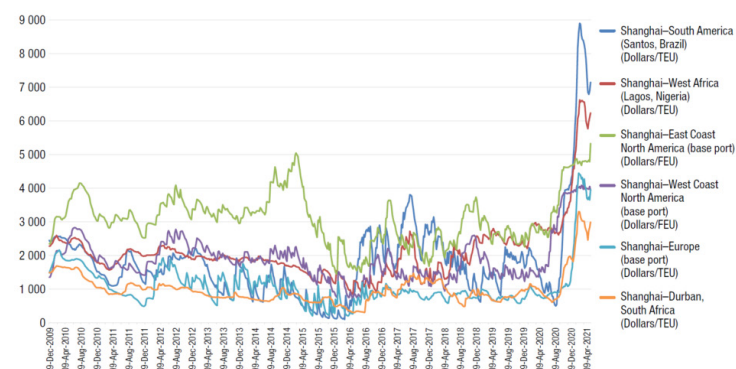
Mr. Hoffman continued, “the ripples will hit most consumers. Many businesses won’t be able to bear the brunt of the higher rates and will pass them on to their customers.”

The new UNCTAD policy brief examines the reasoning behind the surge of freight rates during the pandemic and what must be done to prevent a similar situation occurring in future. Despite the pandemic predictions, the demand for container shipping has spiked quickly during this time, after an initial slowdown.

“The increase in demand was stronger than expected and not met with a sufficient supply of shipping capacity,” the UNCTAD policy brief said, adding that the subsequent shortage of empty containers “is unprecedented. Carriers, ports and shippers were all taken by surprise. Empty boxes were left in places where they were not needed, and re-positioning had not been planned for.”

The underlying reasons are complex, involving changing trade patterns and imbalances, capacity management by carriers at the start of the crisis and continuous COVID-19 related delays in transport connection points.

Trade routes to developing regions have been hit hardest by the freight rates, where consumers and businesses struggle to afford it. In the interim, rates to South American and Western Africa are higher than to any other major trade region. In early 2021, freight rates from China to South America jumped 443% compared to 63% on the Asia and North America’s eastern coast route.



The reason is due to the route from China to countries in South America and Africa being longer. Therefore, more ships are required for a weekly service, causing many containers to be “stuck” on these routes.

The brief said, “when empty containers are scarce, an importer in Brazil or Nigeria must pay not only for the transport of the full import container but also for the inventory holding cost of the empty container.”

An additional factor is the lack of return cargo. As South American and Western African nations import more manufactured goods than they export, this becomes costly for carriers to return empty boxes to China on long routes.

To reduce the chances of a similar situation occurring in the future, the UNCTAD policy brief highlights three issues that need attention: “advancing trade facilitation reforms, improving maritime trade tracking and forecasting, and strengthening national competition authorities”.

1. Policymakers need to implement reforms to make trade easier and cost effective, many of which are enshrined in the World Trade Organization’s Trade Facilitation Agreement. Reducing the physical contact between workers in the shipping industry impacts on reforms which rely on modernising trade procedures, therefore enabling supply chains to become more resilient and better protects employees.

2. Policymakers need to promote transparency and encourage collaboration along the maritime supply chain to improve how port calls and liner schedules are monitored.

3. Governments must ensure competition authorities possess the resources and expertise needed to investigate and remedy potentially abusive practices in the shipping industry. UNCTAD stated, “although the pandemic’s disruptive nature is at the core of the container shortage, certain strategies by carriers may have delayed the repositioning of containers at the beginning of the crisis. Providing the necessary oversight is more challenging for authorities in developing countries, who often lack resources and expertise in international container shipping.”

Wallace, P. (2021). Why container freight rates have surged. Retrieved from https://www.thedcn.com.au/news/law-regulation-trade/why-container-freight-rates-have-surged/?utm_source=DCN+Daily+Newswire&utm_campaign=40d80ec71c-EMAIL-CAMPAIGN_04_27_2021_COPY_01&utm_medium=email&utm_term=0_505d67c448-40d80ec71c-143548541 on 30th April 2021.





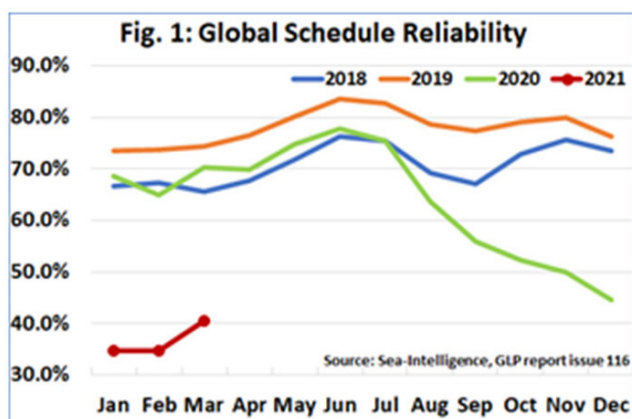
MARCH SEES IMPROVEMENT IN GLOBAL LINER SCHEDULE RELIABILITY

According to a report from Sea Intelligence, March saw an improvement in schedule reliability for global shipping lines.

Ann Murphy, C.E.O. of Sea Intelligence says, “it seems as if the worst has passed, with carriers recording a 5.8% point month-on-month improvement in global scheduling reliability in March 2021, reaching 40.4%. That said, there is a long way to go to reach the levels of the previous years, as this was still the lowest schedule reliability for April in the 10 years that we have measured schedule reliability, with the gap to 2020 a sharp -29.9 percentage points.”

He added, that the average delay for late vessel arrivals managed to reverse its deteriorating trend, with the March figure 0.79 days lower month-on-month, which although being higher by 0.42 days year-on-year is still the highest recorded in March at 6.16 days.

“The average delay in 2021-Q1 was higher than the extraordinary high delays caused by the 2015-Q1 US West Coast Labour dispute and has been the highest for each month in all months since April 2020. Maersk Line was the most reliable top-14 carrier in March 2021 with a schedule reliability of 48.7%, followed by Hamburg Süd with 15.9%. Only one other carrier, Wan Hai, had schedule reliability higher than 40%. The remaining carriers were within 30%-40% apart from Evergreen at 29.6%. All carriers recorded a month-on-month improvement in schedule reliability, meanwhile none recorded a year-on-year improvement in March 2021. Wan Hai recorded the largest month-on-month improvement of 17.6 percentage points while HMM recorded the largest year-on-year decline of a staggering -45.4 percentage points”, Ann Murphy said.



Ackerman, I. (2021). Global Liner schedule reliability improves in March. Retrieved from https://www.thedcn.com.au/news/logistics-and-supply-chain/global-liner-schedule-reliability-improves-in-march/?utm_source=DCN+Daily+Newswire&utm_campaign=40d80ec71c-EMAIL_CAMPAIGN_04_27_2021_COPY_01&utm_medium=email&utm_term=0_505d67c448-40d80ec71c-143548541 on 30th April 2021.

STAFF SPOTLIGHT



MEET EDVIN KEVELJ Warehouse Administrator TOMAX WAREHOUSING

YOUR HOBBIES/INTERESTS?

Fishing, world history and going on weekend away trips in the country.

ONE THING YOU CAN'T LIVE WITHOUT?

My pets - they always put a smile on my face!

YOUR ROLE AT TOMAX?

I am the Warehouse Administrator at the Tomax Dandenong South Warehouse.

DO YOU HAVE ANY PETS?

I have 3 cats with very original names: Puss Puss, Little One and Blackie.

THE GREATEST INVENTION?

Air conditioners - it just makes everything cool.

YOUR FAVOURITE CUISINE?

Mediterranean food and a nice wine



FRIDAY FUNNIES

Hoping these jokes can put a smile on your face as we welcome the weekend!

Why doesn't Voldemort have glasses?
Nobody nose.

They all laughed at me when I told them that one day I'd discover the secret to invisibility.
If only they could see me now.

The Past, the Present and the Future walk into a bar.
It was tense.

Birthdays are good for your health.
Studies show those who have more Birthdays live longer.

I'm going to stand outside, so if anyone asks I am outstanding.

