



TOMAX
NEWS

Issue 35
11th June 2021



PLUS:

MARKET SUMMARY

- Shipping lines have announced further rate increases for the North and South-east Asian trade-lanes to Australia. The increases are expected to be as high as USD 700 per 40' container.
- Terminal closures and heavy vessel delays continue to plague the southern China ports of Shenzhen and Guangzhou. A local COVID outbreak has sent the cities into lockdown.
- Industrial action at Australian terminals continues to disrupt vessel arrivals and unloading schedules, delays to cargo availability is occurring as a result.
- Shipping line capacity constraints continue to affect bookings from the USA to Australia with waiting lags of up to 8 weeks currently for direct service sailings.

LATEST NEWS

SURGE IN SHIPPING COSTS TRIGGERS INFLATION RISKS

Consumers will be taking the brunt of the covid recession, by paying increased prices due to the sky rocketing cost of sea freight and overall surge in demand.

Shipping a container on the world's busiest shipping routes from China to Europe can now cost more than a record breaking \$US10,000, which is reportedly more than a 50% rise since June last year. Simultaneously, prices of major commodities such as iron ore, steel and timber have risen as economies begin to bounce back from the coronavirus. Congestion and delays at the world's ports, boosting shipping costs, are the result of a soaring desire for physical goods, coronavirus travel restrictions, more time at home and a global scarcity of cargo containers. After observing the cost of importing goods doubling and tripling, major retailers such as the Reject Shop have already flagged price rises. This can lead to bumped up prices for products such as canned good, clothes, shoes and computers if retailers decide to handball the higher freight and input costs onto consumers.

IMPORTERS FACE RISE IN FREIGHT COSTS

One year after the beginning of the pandemic, Plasdene Glass-Pak a national plastic and glass container supplier in Western Sydney, has experienced a boom in their business. Their clients include multinational companies to stallholders making jam for farmer's markets. However, Jayne Pearson, general manager, stated that freight costs had climbed from 20 to 50% over the past year. She said, "so across the last 12 months, it would be in the vicinity of hundreds of thousands of dollars additional that we've incurred in importation costs, and associated tariffs and surcharges. It's obviously COVID impact, huge demand for more shipping. So increased demand, but at the same time reduced capacity." She added

that customers were forking out money for very high rates for some routes, such as a UK client who imports products from China. "Now they're seeing more than 840% increase from China to the UK. That's gone from around \$US1,500 to more than \$US15,000", she said. Unfortunately, the situation had forced Plasdene to reluctantly increase its prices to their customers. She added, "we shopped around as much as we possibly could, but ultimately there's only so long we could absorb those costs, so reluctantly we did go to market with an increase this year, but it was a heavily subsidised increase."

RISE IN TIN CAN PRICES

David Buchanan, member of the Australian Steel Association, believed the higher transport costs and higher resource costs, such as for steel, had already seen the price of tin cans rise by 30 to 40% across the past 6 month period. David said, "the impacts will come down the track. Canned food prices will have to go up."

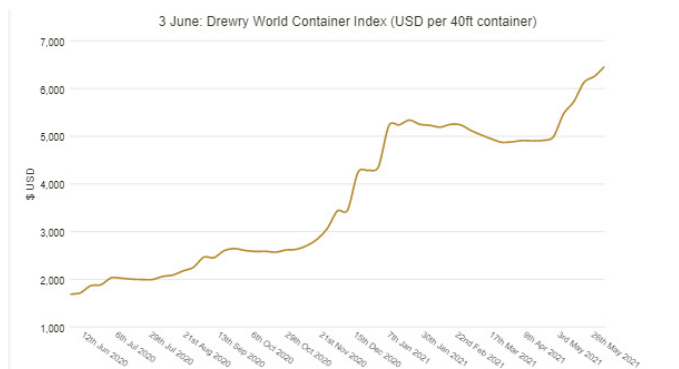
SURGE IN CARGO COSTS

Throughout the year until May 2021, the median cost of shipping a 20-foot export container from Australia to China, rose by almost 40% to about \$1479, as published by the Shipping Australia and Mizzen Group. Shipping Australia although did highlight that the Australia to China rates were already sitting at \$1370/container before the pandemic. Importing goods from China, known as the world's factory, has seen a greater surge. According to Drewry Supply Chain Advisors, the dearest trade route is Shanghai to Rotterdam, where spot rates for a 40-foot container have soared 518% since June 2020 to \$US 10,462. The cost of shipping a 40-foot container from Shanghai to Sydney on the spot market has doubled

compared to the previous year to \$US 4,307 according to Freightos, a digital global freight booking platform.

MISSED PORTS

Shipping companies claim to have taken reasonable action to reduce the detriment



of port congestion, such as skipping ports of call and cancelling planned sailings. However, Ms Pearson noted that one shipment was diverted to New Zealand and took weeks back to get to Australia, which can contribute delays to businesses. The price to hire a shipping container from Shanghai to Sydney has doubled over the past year. Melwyn Noronha, Shipping Australia Chief Executive, said the huge demand for freight and rising expenses had seen the cost of running a cargo ship soar to more than \$92,000 a day, which excludes fuel. He said, “the demand has surged as a result of COVID and that has created a huge demand for goods, and those goods have got to be transported on a ship. The Suez Canal in Egypt incident in March, where a huge cargo was stuck, worsened the trade congestion. For some Australian exporters, who have been caught up in trade tensions with China, were impacted by port logjams which worsened the situation.

EXPORTERS STRUGGLE

Paul Zalai from the Freight & Trade Alliance, which represents importers and exporters, said the delays and higher freight expenses have cost Australian businesses potentially billions of dollars. He would like to see greater regulation of the shipping industry. “We’ve got one major exporter now who was very happy with finally getting rains after years of drought. They’ve got they’ve got a bumper crop of 20,000 tonnes of chickpeas, but they can’t get capacity on any vessels to get to overseas markets,” he said, “we’ve got a situation where there’s empty containers in these ports, and it’s a struggle to get them

back to the manufacturers back in China and other parts of Asia in a timely fashion.” In addition, he mentioned that exports can at times, get bumped because shipping lines pick up empty containers to transport goods on more profitable trade routes from China to Europe or the US.

Melwyn Noronha, Shipping Australia Chief Executive, said the shipping industry was trying its best to dodge the logjams. He said, “Australia is predominantly an importer of goods, you’ll have an excess of empty containers, and the shipping lines, I can tell you, in the last 12 months have been working tirelessly in getting those containers out of this country. There’s a build-up of these empty containers right across the world, because of port congestion, and I think port congestion needs to be looked at very carefully. It’s the landside logistics that we need to look at very carefully to get their act together.” He believes that some of the delays were as a result of poor productivity at Australian ports which was worsened from industrial disputes. More industrial action begins in Melbourne tomorrow.

A CALL FOR PRICE REGULATION

In a meeting last week between Mr Zalai and Trade Minister Dan Tehan, to call for a regulation of the shipping industry similarly to the US, where there is a Federal Maritime Commission. The Productivity Commission is currently assessing vulnerable supply chains in Australia. “So, what we do need is just some level of regulation to make sure that pricing here isn’t artificially being inflated, and that again, there’s enough safeguards in place to ensure that surcharges are reasonable,” Mr Zalai said. However, Mr Noronha disagreed claiming, “there is absolutely no economic justification to regulate the shipping industry. It’s a huge industry where you have multiple players competing against each other.” It appears that the record high shipping expenses for businesses seem to look like they are here to remain in place for 2021 at least, or until the global economy slows down. Bloomberg Intelligence said it assumes the pressure will remain on sea freight costs, putting the shipping industry in a strong position for a record year. The Baltic Dry Index, which tracks the cost of moving commodities such as coal, is at the highest decade in a decade at the same time China’s economy resurges from the pandemic.

VICTORIAN INTERNATIONAL CONTAINER TERMINAL - VICT PROTECTED MUA INDUSTRIAL ACTION

Please be advised of the planned industrial action at VICT commencing Friday 11th June

12 hour stoppage from 18:00 on 11th June

12 hour stoppage from 18:00 on 12th June

12 hour stoppage from 18:00 on 13th June

12 hour stoppage from 18:00 on 14th June

12 hour stoppage from 18:00 on 15th June

12 hour stoppage from 18:00 on 16th June

Victorian International Container Terminal - VICT will communicate updates regarding receival periods and import free storage periods as they work through the impact to vessel arrivals and departures.



NEW PACKING DECLARATIONS

Dear Client,

The Department of Agriculture, Water and the Environment (the department), has advised that as of Monday 2nd August 2021, a change in policy will come in to effect.

As a result of the policy change, the department has issued new packing declaration templates with slight variations in wording from the old, although, the format has remained the same.

The new templates for annual and shipment specific can be found on the next two pages.

Annual packing declarations that have not yet expired will still be accepted until the time of renewal, at which time the new format must be used.

Although the new policy does not come in to affect until the 2nd of August the department has advised the new formats will be accepted from now.

In order not to be caught out with the incorrect declarations we kindly request that you please start sending these templates out to your suppliers for any shipments that are upcoming and ask them to reserve them as the only acceptable format.

Should you have any queries please feel free to contact the Tomax team on 1300 186 629.



Company Letterhead

(MUST be issued by the packer or supplier of the goods and MUST include the company's name AND full street address)

ANNUAL PACKING DECLARATION

Exporter's Name:
(This information combined with the importer's name may be used as consignment link)

Importer's Name:

UNACCEPTABLE PACKAGING MATERIAL STATEMENT

(Packaging material such as straw, peat, hay, chaff, used fruit & vegetable cartons are not permitted)

Q1 Will unacceptable packaging materials be used as packaging or dunnage in the consignments covered by this document?

A1 YES NO

TIMBER/BAMBOO PACKAGING/DUNNAGE STATEMENT

(Timber/bamboo packaging/dunnage includes: crates, cases, pallets, skids, and any other timber or bamboo used as a shipping aid.)

Q2 Will timber/bamboo packaging/dunnage be used in consignments covered by this document?

A2 YES Timber YES Bamboo NO (nil timber/bamboo)

TREATMENT CERTIFICATION (ONLY COMPLETE IF TIMBER/BAMBOO PACKAGING/DUNNAGE IS DECLARED IN QUESTION 2)

Q3 All timber/bamboo packaging/dunnage used in the consignment will be (Please indicate below)

		YES	NO
A3	Treated and marked in compliance with ISPM15 (Note: ISPM15 is only applicable to timber packaging)	<input type="checkbox"/>	<input type="checkbox"/>
	Or		
	Treated in compliance with Department of Agriculture, Water and the Environment treatment requirements (With accompanying treatment certificate)	<input type="checkbox"/>	<input type="checkbox"/>
	Or		
	Indicate goods not treated	<input type="checkbox"/>	

CONTAINER CLEANLINESS STATEMENT (for FCL/X consignments only – (statement to be removed from document when not relevant)

The container(s) covered by this document will be cleaned and will be free from material of animal and/or plant origin and soil.

Signed: Printed name:
(Company Representative) (Employee Name)

Date of issue:
(DD/MM/YYYY)

Company Letterhead

(MUST be issued by the packer or supplier of the goods and MUST include the company's name AND address)

PACKING DECLARATION

Vessel name: Voyage number:

Consignment identifier or numerical link:

(Bill of Lading Number and/or Container Number and/or Invoice Number/s)

UNACCEPTABLE PACKAGING MATERIAL STATEMENT

(Packaging material such as straw, peat, hay, chaff, used fruit & vegetable cartons are not permitted)

Q1 Have unacceptable packaging materials been used as packaging or dunnage in the consignments covered by this document?

A1

YES

NO

TIMBER/BAMBOO PACKAGING/DUNNAGE STATEMENT

(Timber/bamboo packaging/dunnage includes: crates, cases, pallets, skids, and any other timber or bamboo used as a shipping aid)

Q2 Has timber/bamboo packaging/dunnage been used in consignments covered by this document?

A2

YES Timber

YES Bamboo

NO

(nil timber/bamboo)

TREATMENT CERTIFICATION (ONLY COMPLETE IF TIMBER/BAMBOO PACKAGING/DUNNAGE IS DECLARED IN QUESTION 2)

Q3 All timber/bamboo packaging/dunnage used in the consignment has been (Please indicate below)

A3

Treated and marked in compliance with ISPM 15

(Note: ISPM15 is only applicable to timber packaging)

YES

NO

Or

**Treated in compliance with Department of Agriculture,
Water and the Environment treatment requirements**

(Please provide treatment or fumigation certificate)

Or

NOT TREATED

Indicate goods not treated

CONTAINER CLEANLINESS STATEMENT (for FCL/X consignments only - statement to be removed from document when not relevant)

The container(s) covered by this document has/have been cleaned and is/are free from material of animal and/or plant origin and soil.

Signed: Printed name:

(Company Representative)

(Employee Name)

Date of issue:

(DD/MM/YYYY)

STAFF SPOTLIGHT

MEET JOE PRASAD

Courier Driver
TOMAX TRANSPORT



YOUR ROLE AT TOMAX?

I am a courier driver who handles the Coffs Harbour to Newcastle route.

YOUR HOBBIES AND INTERESTS?

I enjoy watching all sports.

A QUOTE YOU LIVE BY?

“You get one life. Live with a blend of social/religion/family and beer/scotch!”

YOUR FAVOURITE CUISINE?

Fijian Lovo (cooked on hot stones in earth) and Fiji Indian food.

FAVOURITE CHILDHOOD MEMORY OF YOURS?

Playing soccer 7 days a week and never being injured.

FAVOURITE SOCCER TEAM?

Liverpool F.C



MATHS PROBLEM

Quickly solve the maths problem below and email your answer to quiz@tomax.com.au

First one to answer correctly wins a prize! Good luck!

$$\text{Truck} + \text{Truck} + \text{Truck} = 30$$

$$\text{Truck} + \text{Plane} + \text{Plane} = 18$$

$$\text{Ship} - \text{Plane} = 2$$

$$\text{Ship} + \text{Truck} + \text{Plane} = ?$$

EMAIL YOUR ANSWER TO
quiz@tomax.com.au
for your chance to WIN!!

