



TOMAX  
NEWS

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PLUS:





# MARKET SUMMARY



- Congestion, vessel delays, and terminal closures in the southern Chinese strategic port of Yantian, which are also affecting the sister terminals at Chiwan and Shekou, continue to drive freight rates to new peaks and restrict vessel servicing. Delays of 3-4 weeks are currently expected for containers that were already loaded and at the terminals prior to the COVID-outbreak related lockdown.

- General Rates Increases (GRIs) have been announced for the coming weeks, with rates in late June on the China-Australia trade-lane expected to hit over USD 6,000 per 40'. Even at these very high levels often the rates are subject to space confirmation. The Tomax freight teams in both China and Australia are working extremely hard at the moment to procure all the necessary space for the very large volumes of cargo continuing to move on this congested trade-lane.

- Transport woes in the USA continue with both import and export cargo heavily affected. Truck and chassis availability remain at all time lows, with the rail head in Atlanta currently reporting a shortage of 1,200 chassis in order to fulfil demand. Delays on export bookings are extensive and currently sit at around 3-5 weeks backlogged depending on the origin. Containers arriving at railheads are often waiting several weeks before a chassis becomes available, with importers then given just 24 hours to collect the container and chassis once made available only then to have to fight to find a trucker to service the collection and usually facing a 1-2 week wait on trucker availability. Massive storage and container detention costs are being levied as a result of these ongoing issues.

- Industrial action at many Australian container terminals is continuing with further action announced for the coming weeks. The impact on services, costs and on-time container deliveries is expected to be large and further congestion and delays are projected for the next few months.

- The demand for overflow warehousing space in several Australian key ports is vastly outstripping supply at the moment causing headaches for many importers who sought to bump up stock levels to avoid surging freight pricing and vessel delays. If you are experiencing an issue in this area please speak to the Tomax team and we will seek to find you a solution.



# LATEST NEWS

## THE YANTIAN EFFECT

The recent COVID-19 outbreak related disruptions at the Shenzhen terminal of Yantian is continuing to have a major impact on the shipping industry. The closure in Yantian in late May had an immediate roll-on effect to the nearby ports of Chiwan, Shekou, Nansha and Huangpu which are all now experiencing considerable congestion and delays. Last week, as operations at Yantian got back underway, operational capacity was at around 40%. This has increased this week with reports coming from the Yantian International Container Terminal (YICT) that operational capacity had now reached 70%, and yard utilisation had dropped from 100% (heavily congested) to 70% (manageable). 70% capacity meant that around 8,000 trucks per day were able to enter the terminal to either drop or collect containers.

Maersk reported this week that the average delays for containers to be shipped from Yantian were approximately 16 days, and it was likely to be another two months before operations got back to “normal”. Containers that were delivered in to the terminal in Yantian just prior to the COVID related closure have been the most heavily impacted, with many reporting delays of up to 6 weeks depending on individual shipping line constraints and arrangements. Maersk

advised that the Yantian effect was going to cause a much larger disruption to the shipping industry than that felt by the Ever Given stranding in the Suez Canal. These continual impacts are making it very difficult for the industry to be able to clear up the congestion and delays being experienced at every major port around the world.

Empty equipment shortages continue to have a major impact on shipping from the majority of Chinese ports. Some shipping lines are pushing their clients to start utilising 20’ containers as an alternative to 40’s due to the availability imbalance, interestingly though there doesn’t seem to be any incentives offered via lower freight rates, as lines do not wish to lower their earnings potential.

The “Yantian Effect” will only prolong and cause further pain for Australian importers who are desperately seeking a return to the “normal days”, where freight rates followed tight seasonal patterns and schedule stability could generally be relied upon.





# CARRIERS FEASTING ON RATES BOOM - OBLIVIOUS TO SUPPLY CHAIN CHAOS

**S**ky-high freight rates and poor service levels from ocean carriers could be the norm until early 2023, according to many experts in the industry. Moreover, concerns abound in relation to the apparent disregard shown by carriers to the supply chain crisis, alleging they prefer to “feast” on the current elevated rates and are “blasé” about the fate of their customers.

Experts warn there would be “no light at the end of the tunnel” for importers and exporters until the new very large vessels ordered by carriers are launched and more capacity comes onstream. These larger vessels will help ease the capacity constraints on the China-Europe and the China-USA trade-lanes freeing up smaller vessels to be re-introduced back into the China-Australia lanes. In various meetings with shipping lines over the last few weeks the Tomax freight teams report the troubling disinterest from carriers in servicing the Australian trade-lane due to the relatively low returns they are receiving, despite rates being at an all-time high of USD 6,000 per 40’ container for some port-pairs. With rates to Europe and the USA around the USD 20,000 per 40’ level there’s just not enough money on the Australian trade-lane to justify putting any energy into it.

One industry expert stated that the industry is currently experiencing the highest rate levels ever, matched by the worst service from shipping lines, with very little regard from the carriers to the impact on not only the forwarders and their clients, but we are now seeing the ripple effects, with increased prices in retail shops and online, coupled with evident shortages of products that everyone normally takes for granted.

Shipping lines are accused of being “short-sighted and blasé” about the impact their pricing policies were causing for industry. Many businesses that rely on importing their products have or are considering halting their import operations as rates remain at their highest recorded level. The industry is screaming for stability, with a more sustainable rate where shipping lines can make money – but not, at the same time, price their clients out of an already competitive market. A heavily impacted market player stated, “They are damaging the very companies that have provided their lifeblood for so many years, the carriers are refusing to acknowledge previous support or show loyalty to their clients, preferring to operate in a feast or famine mindset and currently enjoying their largest feast ever.”



# URGENT ACTIONS TO PROTECT AGAINST KHAPRA BEETLE (TROGODERMA GRANARIUM)



The Department of Agriculture, Water and the Environment have issued urgent actions to protect Australia against the invasion of Khapra beetles which is listed as Australia's number two National Priority Plant Pest and the number one plant priority pest for grains. Khapra beetles destroy grain quality making it unfit for human or animal consumption.

The Department has seen a recent increase in Khapra interceptions in import plant products. It is also now being detected in goods that the Khapra beetle previously had no association with and as a hitchhiker pest in sea containers, from countries not known to have Khapra beetles.

To combat the invasion of this serious pest, the Department will bring in Phase 3 of their plan by enforcing the following new set of requirements:

## Target-risk country of origin or export

High-risk plant products from target-risk countries sent via all modes of arrival (except those banned in Phases 1 and 2) will be required to be:

- treated offshore using an approved treatment option

## AND

- inspected and certified by government officials of the exporting country on a phytosanitary certificate that includes Additional Declaration A.

## Other risk country of origin or export

High-risk plant products from all other countries sent via all modes of arrival (except those banned in Phases 1 and 2) will be required to meet one of the following options:

- Option 1 - Inspected and certified by government officials of the exporting country on a phytosanitary certificate that includes Additional Declaration B.

## OR

- Option 2 - Treated offshore using an approved treatment option.

## AND

- Inspected and certified by government officials of the exporting country on a phytosanitary certificate that includes Additional Declaration A.

## Alternative treatment options for Phase 3

The department recognises that heat treatment or methyl bromide fumigation may not be feasible for some goods imported under Phase 3. As such, they are considering alternative treatment options for goods impacted by Phase 3. They are engaging with peak industry bodies on alternative treatment options. Additional information on any alternatives identified will be published on their webpage closer to implementation.





# STAFF SPOTLIGHT

## MEET SOUCHENG CHAN

Transport Manager  
TOMAX LOGISTICS AUSTRALIA



Beside is Soucheng's husband, Vibol, their daughter, Dalin and son, Willis.

### WHAT IS YOUR ROLE AT TOMAX?

I am the Transport Manager.

### NAME ONE THING YOU CAN'T LIVE WITHOUT?

I'd say my phone because I use it to call my family back in Cambodia.

### DO YOU HAVE ANY GOALS/DREAMS CURRENTLY?

Travel to different countries, explore different places and learn about other cultures.

### BEST DESTINATION TO TRAVEL TO?

Cambodia, because it is my home country.

### YOUR FAVOURITE CHILDHOOD MEMORY?

Receiving Lucky Red Pocket money during Chinese New Year!

### HOW DO YOU SPEND YOUR WEEKENDS?

I spend my weekends watching movies/ Chinese shows, reading books, cleaning the house, shopping and spending time with family and friends.



# FRIDAY FUNNIES

Here are some egg jokes which might crack you up!

What crime is an egg most afraid of?

**Poaching!**

What sport are eggs good at?

**Running!**

Where's the best place to get information about eggs?

**The hen-cyclopedia!**

What day of the week do eggs hate?

**Fry-day!**

Why shouldn't you tease egg whites?

**They can't handle a yolk!**

I saw a sign earlier that said, "Free Range Eggs."

**I've never heard of Range Eggs before but at least they were free so I took some.**

What did the egg do when it saw the frying pan?

**It scrambled.**

How do monsters like their eggs?

**Terri-fried!**

Who tells the funniest egg jokes?

**Commedi-hens!**

Where do eggs go when they visit the USA?

**New York!**

Where do tough chickens come from?

**Hard-boiled eggs!**

How do clowns cook their eggs?

**Funny side up!**

Why did the chicken cross the internet?

**To get to the other site!**

What do you call an egg that goes on a safari?

**An eggs-plorer!**

