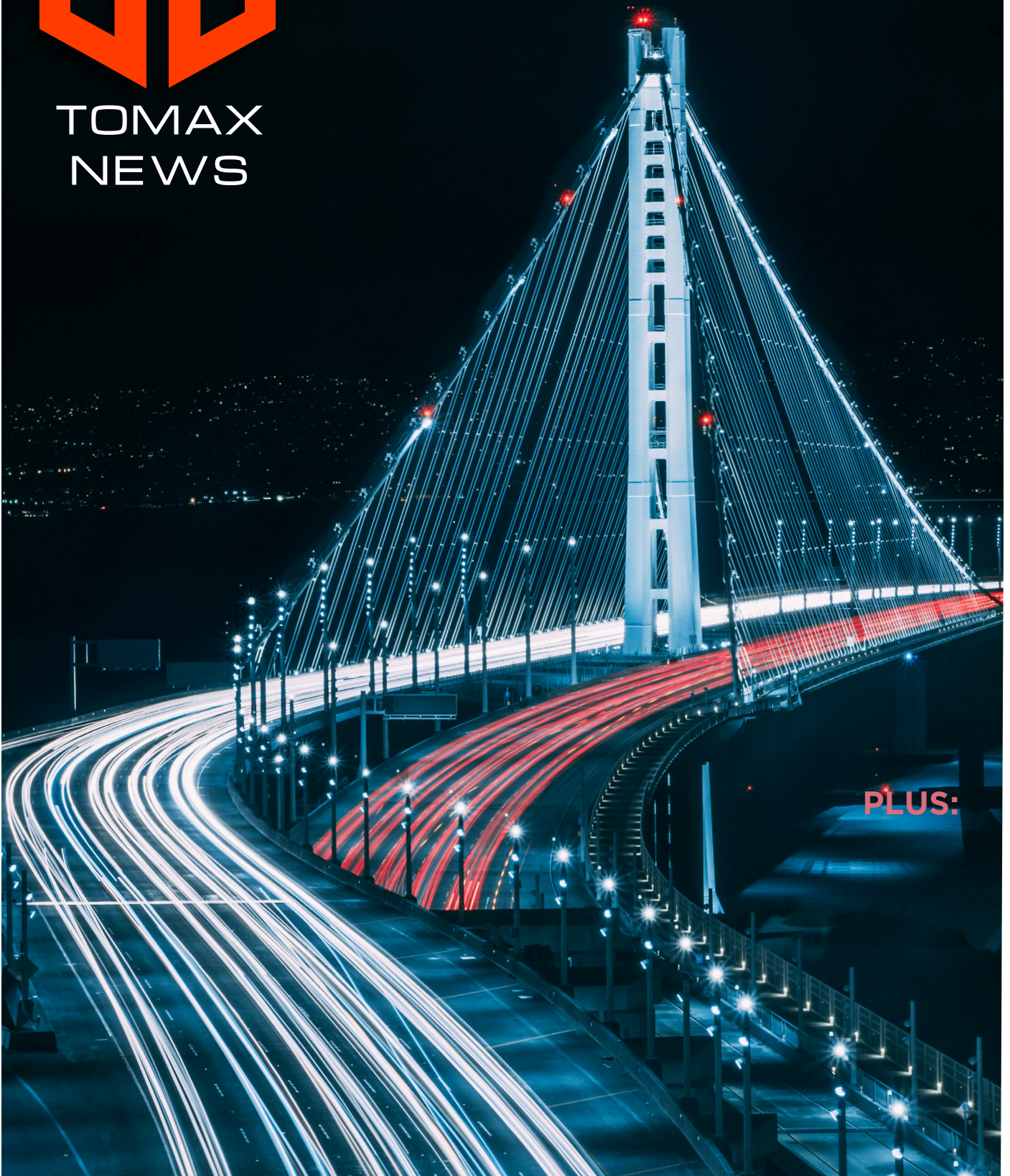




TOMAX
NEWS

Issue 38
2nd July 2021



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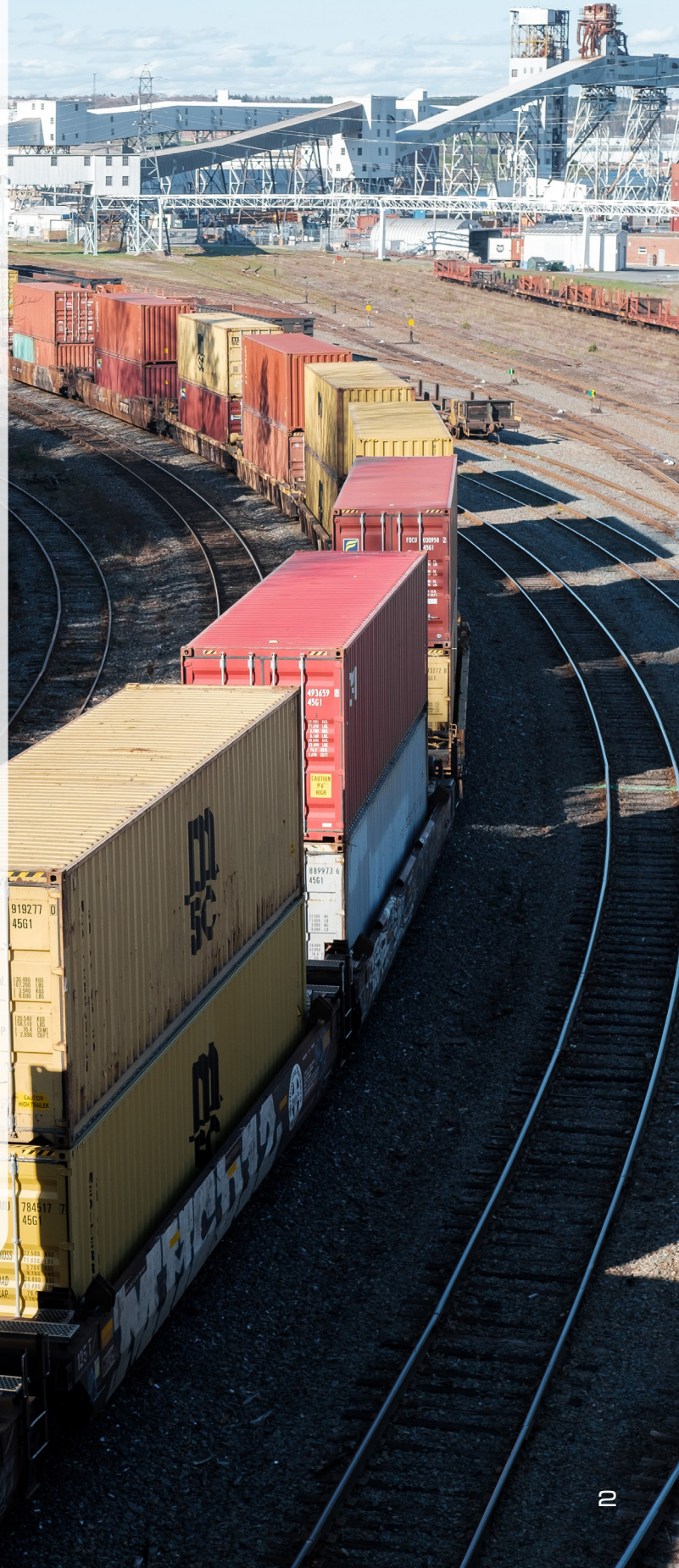
MARKET SUMMARY

- The Australian Government has announced that by 14th July the number of international arrivals will be halved, to a total of 3,035 per week. In response airlines have begun cancelling some regularly scheduled services into Australia to ensure that they are not caught out. Direct cargo flights out of China are particularly affected with China Southern (CZ - based in Guangzhou) already cancelling many flights for the week beginning 5th July. Importers can expect severe capacity shortages and inflated pricing over the coming months.

- Equipment shortages in China are becoming increasingly problematic with many shipping lines having space on vessels but no equipment to offer to exporters. Ports in the Pearl River Delta area are especially impacted. Projections are that the situation will worsen as we dive deeper into the traditional peak shipping period.

- As everyone will be aware, freight rates are tipped to reach higher than USD 10,000 per 40' container over the coming months as shipping lines continue to enjoy buoyant conditions for profit maximising. The world's largest shipping lines are all expected to make several billion dollars in baseline profit each over the course of the year. Rates of over USD 20,000 per 40' are being seen on the China to USA trade-lane.

- The disruptions at major Australian terminals as a result of industrial action continues, albeit with some respite due to VICT coming to terms with the MUA. Vessels will continue to be delayed in getting a berth, unloading times will be prolonged, and shipping lines will continue to amend schedules and change rotations for vessels as a result.



LATEST NEWS

\$80 MILLION LAWSUIT AVOIDED AFTER HUGE WAGE DEAL

A mammoth lawsuit has been dodged by the maritime union after its deal with the Victoria International Container Terminal (VICT). According to VICT, the disruptions associated with the union disputes at the Port of Melbourne have resulted in a push back of its development by 2 years, costing \$80 million.

The agreement will entail having flexible rosters in place around the terminal's highly automated container systems. Furthermore, 60 extra jobs will be added at the terminal in conjunction with significant pay rises. For some workers, a 46.5% pay increase over the next 4 years of the agreement will be granted. The company's \$117,600 minimum wage for permanent staff at the dock places them in the top 20% of income earners in Australia. On average, staff will receive an average 3.5% annual pay rise for the next 4 years. Since its operations beginning in 2017, through to 2019, VICT has lost \$296 million.

A statement by VICT said, "continued threats of unnecessary industrial action will put the project, employment creation opportunities, and the financial viability of VICT and its stakeholders at risk."

The company has plans to start construction this year on a \$227 million expansion project that is expected to boost operational capacity by 50%. This project is on top of the total audited non-current asset investment of \$1.36 billion between 2016 and 2019.

VIC added, "during the past 10 months some of our customers experienced disruptions and we would like to thank them for their ongoing commitment to VICT during this period. We are confident that continued stability will provide the necessary assurance of continued and uninterrupted service delivery at VICT."

Friend, B. (2021). Union avoid \$80 million lawsuit after wage deal. Retrieved from <https://mhdsupplychain.com.au/2021/07/01/union-avoids-80-million-lawsuit-after-wage-deal/> on 2nd July, 2021

ASIA PACIFIC MARKET UPDATE

THE LATEST INDUSTRY UPDATE

Yantian, South China: The recent flare-up in Covid-19 cases in Shenzhen area and subsequent contingency measures have negatively impacted equipment availability and scheduling. The productivity in Yantian International Container Terminal (YICT) has resumed to full operation as of 24th June. Many vessels have had to omit Yantian and or make diverting calls in nearby ports such as Shekou, Nansha and Hong Kong. As such, the congestion has spread, increased berth waiting times and restricted laden gate-in.

Landside congestion has eased but it's recommended that all trucking services into Yantian, Shekou and Nansha are booked in advance; the acceptance of export laden containers is still limited. Exporters in Shenzhen and Guangzhou area are encouraged to switch to other ports in the coming weeks and use 20-foot containers to substitute the shortage of 40-foot containers where possible.

Hamburg Süd as part of the Maersk Group is tripling the number of dry containers in our fleet during 2021: during quarter 3 we will begin to see the influx, as strong demand, production bottlenecks and lockdowns have led to congestion across the supply-chain infrastructure. Consequently, containers have stayed longer in ports or onboard ships which has reduced the effective number of containers in active circulation.

We are excited that TradeLens is now available in China, through collaboration with China Unicom Digital Tech: TradeLens is a neutral and secure digital platform that aims to replace manual and paper-based documents with secure blockchain enabled digital solutions. It is supported by Maersk together with other major shipping industry players across the Globe.

OCEAN FREIGHT WILL BE AN ONGOING CHALLENGE

We expect strong export demand from Asia to continue in Q3 and vessels to be highly utilized, which will continue to put pressure on space allocation. We will continue to focus on how we can improve equipment

and schedule reliability, our local Sales teams are coordinating closely with our customers based on our quarterly space protection and ad-hoc space as it becomes available. We encourage customers to also review our online INSTANT product for guaranteed space

In Australia and New Zealand schedule reliability remains below 30% due to port congestion and suspension of berthing windows in New Zealand and industrial action in Australia. In addition to our new FERN service and ASPA 2 service (with Tauranga seasonal call), we have added another vessel to our SENZ service to improve reliability.

Equipment shortages remain an industry-wide challenge in Asia Pacific. The accumulation of delays is having a wider effect on schedules to most global destinations and empty equipment repositioning for the regions. The below chart shows the current equipment status based on the main loading ports in each country.

Country	20' DC	40' DC	40' HC	40' NOR	20' RH
China	●	●	●	●	●
Japan	●	●	●	●	●
Korea	●	●	●	●	●
Vietnam	●	●	●	●	●
Cambodia	●	●	●	●	●
Thailand	●	●	●	●	●
Malaysia	●	●	●	●	●
Singapore	●	●	●	●	●
Indonesia	●	●	●	●	●
Philippines	●	●	●	●	●
Australia	●	●	●	●	●
New Zealand	●	●	●	●	●

*Green color indicates the equipment availability is enough to cover demand forecast; Yellow color indicates it's tight to cover demand forecast; Red color indicates it's insufficient to cover demand forecast.

MAJOR TRADE LANE OVERVIEW

On North-South trades exporting from Asia, port congestion is impacting scheduling and bookings. On East-West trades exporting from Asia, the space situation is especially critical for Hamburg Süd

Trade	Comment
Australia to Latin America	The Port of Buenaventura in Colombia has gradually reopened and new bookings are now being accepted. On the East Coast, congestion is impacting transshipment hubs including Buenos Aires, Santos, and Itapoa.
Australia to Oceania	Space is limited on all export services from Asia to Oceania, especially for the AAUS and AUSE services into Australia. Vessel sliding and port omissions may impact delivery times; we recommend customers to place bookings in advance to anticipate ongoing delays in ports in Australia and New Zealand.
Australia to Europe	The port of Hamburg is facing severe congestion. To protect schedule reliability, the NERA 1 service will omit Hamburg for the next two weeks and instead discharge cargo in Bremerhaven.
Australia to North America	We expect demand to the United States to continue strong through the traditional peak season, Port congestion and berthing delays across US West Coast ports remain significant.

including trucker shortages and congestion. Hamburg Süd continues to introduce additional services and solutions to provide customers with a variety of choices to reduce delays. With inland services, we can try to prioritize equipment release.

Mainland China, Hong Kong and Taiwan

Ground transportation has been affected by Yantian port congestion, with strict controls on gate-in at Yantian (Shenzhen) and Shekou (Shenzhen). Road congestion around Nansha port (Guangzhou) is also increasing as carriers divert calls to this port. Trucking services to Yantian, Shekou and Nansha ports need to be pre-booked, and export laden containers gate-in are subject to confirmation issued by port authorities.

Japan and Korea

Inland demand remains limited due to the Covid-19 impact. The upcoming Tokyo Olympics and Paralympics (July-August-September) might impact deliveries and turnaround times at the Tokyo container yard.

Vietnam, Cambodia & Thailand

Vietnam trucking capacity is tight due to Covid-19 related labour shortages. A new inland hub has been created at Tan Cang Cai Cui in the Mekong Delta, offering increased flexibility to move cargo with the added convenience to pick up and return containers closer to production hubs. Cambodia, we have introduced new land-sea solutions at both Laem Chabang port in Thailand and Ho Chi Minh in Vietnam port to support its peak season.

Indonesia and Philippines

Trucking capacity is sufficient for export, import and domestic inland delivery. For customers who have limited facilities, we offer new inland sub-products: utility yards for temporary container storage and loading/unloading activities.

MAJOR PORTS UPDATE

Vessel Waiting Time Indicator			
	● < 1 Day	● 1-3 Days	● > 3 Days
Asia Pacific	Qingdao, Busan	Yantian, Hong Kong, Shanghai, Ningbo, Shekou, Tanjung Pelepas, Singapore, Sydney	Nansha, Napier, Auckland
Others	Savannah, Mobile	Colombo, Houston	Buenaventura, Los Angeles, Long Beach, Oakland, Vancouver, Haifa, Hamburg

*The colors refer to indicators of vessel waiting time
* Vessel waiting time: green (<1 day); yellow (1 day < waiting time < 3 days); red (>3 days)

LANDSIDE TRANSPORTATION UPDATE

Landside services across Asia are also experiencing bottlenecks and challenges,

Source: Hamburgsüd

STAFF SPOTLIGHT

MEET BARRY WIEGOLD

Interstate Driver
TOMAX TRANSPORT

WHAT DO YOU DO AT TOMAX?

I am an interstate driver.



DO YOU OWN ANY PETS?

I have a dog named Griffin.



WHAT ARE YOUR HOBBIES AND INTERESTS?

My hobbies include racing dirt bikes.





**CELEBRATING
TOMAX LOGISTICS' 34TH ANNIVERSARY
AND TOMAX TRANSPORT'S 2ND ANNIVERSARY**



We warmly thank our staff and clients for the ongoing support across the years and many more!

RIDDLE TIME

See if you can solve the following quick riddles!
You can check your answers on the right hand side.

1. Mississippi has four S's and four I's. Can you spell that without using S or I?

2. Grandpa went out for a walk and it started to rain. He didn't bring an umbrella or a hat. His clothes got soaked, but not a hair on his head was wet. How is this possible?

3. A girl fell off a 20-foot ladder. She wasn't hurt. How?

4. What kind of ship has two mates but no captain?

5. What two words, added together, contain the most letters?

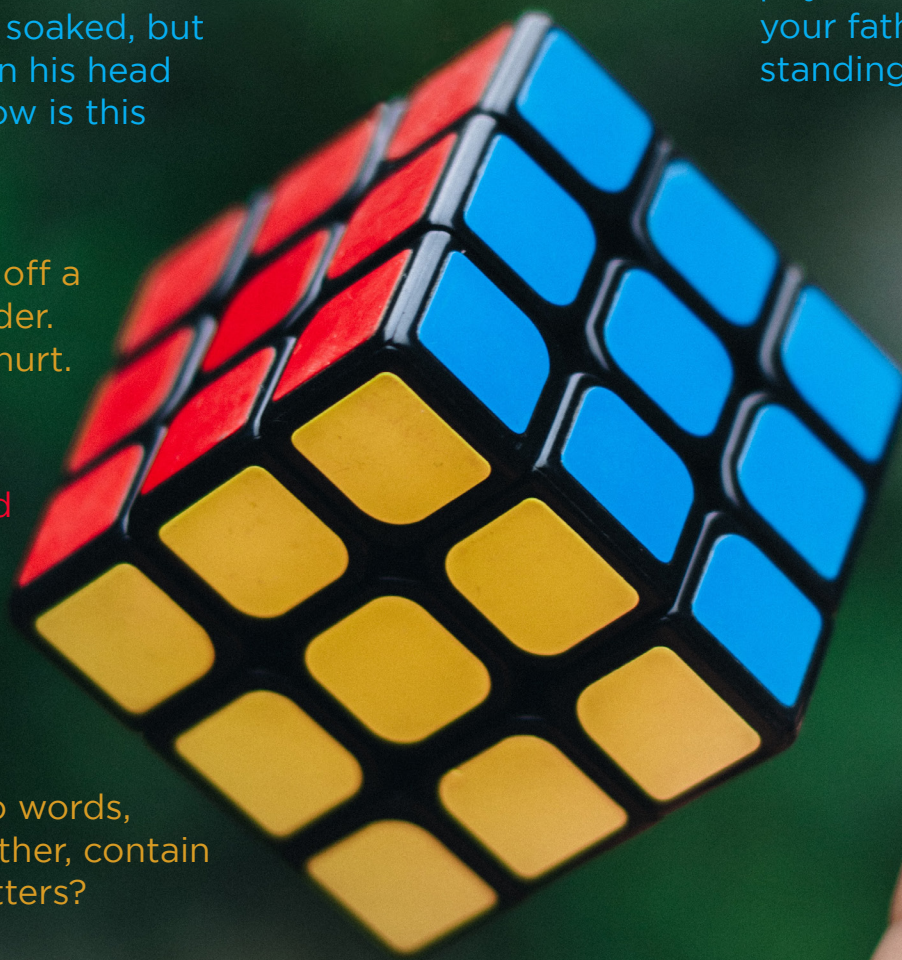
6. I have 13 hearts, but no lungs or stomach. What am I?

7. You are in a dark room with a box of matches. On a table are a candle, an oil lamp, and a log of firewood. What do you light first?

8. Name three consecutive days without naming any of the seven days of the week.

9. How can you physically stand behind your father while he is standing behind you?

10. What is the one thing everyone can agree is between heaven and earth?



Answers: 1. T-H-A-T, 2. Grandpa was bald, 3. She fell off the bottom step, 4. A relationship, 5. Post Office, 6. A deck of cards, 7. The match, 8. Yesterday, today, tomorrow, 9. Stand back to back with your father, 10. The word 'and'



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