



**TOMAX  
NEWS**

**Issue 40**  
**23<sup>rd</sup> July 2021**

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**PLUS:**



# MARKET SUMMARY

- As we dive deeper into the traditional peak shipping season with increasing demands for shipping space, global congestion is on the rise! Serious delays should now be expected on cargo shipments, especially those departing from the USA and China. Importers purchasing cargo from the USA are advised to allow up to an additional 8 weeks over and above normal transit times due to serious shortages on equipment, space, and services. Empty equipment issues in China, as well as increasing demand for shipping space, are resulting in shippers often having to choose alternative ports for shipping, or waiting weeks for an empty container to become available.
- Industrial action at Australian terminals is continuing with the Maritime Union of Australia regularly announcing additional action being taken. Further delays to vessels being serviced and containers being made available are expected over the coming months.
- Congratulations to Brisbane on being named as the host city for the 2032 Olympic Games! Immense government expenditure on infrastructure is expected to assist with the supply chain industry with improvements in road and rail networks.
- Are you using Tomax Live? If you are not on the system, or don't know what Tomax Live is, please speak to your friendly Tomax account manager. We'll have an article about the system in the newsletter next week.
- Clients are advised to remind shippers again to be vigilant in relation to sub-standard containers being released in origin ports for loading. If suppliers notice damage prior to cargo loading it needs to be reported immediately in order to secure the client's position against potential damage claims from shipping lines. There have been many cases such as this over recent weeks.
- Shipping lines continue to make life difficult for importers with many demanding that empty containers are de-hired directly to container terminal operators (eg; Patrick, DP World) for repositioning overseas. Container terminals are now often rejecting to allow empty containers to be de-hired during day shifts, instead directing transport companies to only bring in empty containers between 7pm and 4am, or on weekends. Slot availability for empty container de-hire is extremely low, making the process of de-hire increasingly difficult and potentially resulting in additional costs being imposed by transport companies.

[HERE \(FORM 1\)](#)

[HERE \(FORM 2\)](#)

# LATEST NEWS

## GLOBAL SUPPLY CHAIN STATUS UPDATE

As the logistics world moves deeper into the traditional peak shipping period when cargo moved around the world doubles in volume, there are serious issues impacting supply chain operations. Congested ports, a lack of containers in busy ports, shortages in terminal labour due to strikes, truck and chassis shortages, and COVID disruptions look set to ensure that the coming peak season will be an extremely difficult one.



### CHINA

Container ports in China are starting to experience increased congestion challenges as the peak season volumes ramp up. Major ports such as Shanghai, Shenzhen, Ningbo and Qingdao are all now experiencing 5-6 day delays on vessels being serviced. These vessel delays cause further disruption both locally and downstream. As ports and terminals constantly juggle vessel arrivals in an attempt to efficiently unload/load vessels and spread existing terminal equipment across additional berths, the amount of time spent servicing vessels increases and the number of container exchanges are reduced. Vessels are often unable to carry as many empty containers as preferred due to the reduced dwell times of vessels being serviced, further escalating the build up of empty containers in net import ports rather than where they are urgently required.

The situation in Shenzhen terminal of Yantian continues to improve with terminal operations slowly returning to normal levels, but as peak volume flows begin to ramp up, the recovery may well be put to test. Vessel wait times that had recovered to within a day have now crept back up to the 5-6-day range. While yard density remains at manageable levels, the challenge from here is largely centred around the clearance of what can only be described as a significant backlog of cargo sitting at

shipper's facilities or on factory floors.

There are three factors at play that need to come together in order to resolve the issue in Yantian. The first and likely most pressing is in the availability of equipment. As many vessels were forced to omit the port during the peak of the COVID outbreak, opportunities to reposition empties into the area were as a result limited. Currently there is a shortage of 40'GP and 40'HQ containers in South China. Shipping lines are actively working on repositioning containers into the area, and some shippers are choosing to ship 20' containers due to the lack of 40' equipment. The second factor is in the available shipping line capacity. While the possibility of introducing additional vessels into the network remains limited, some lines are instead over-allocating space to Yantian cargo on existing vessel calls to help clear the backlog.



### AIRFREIGHT INTO AUSTRALIA

Whilst many countries are opening their borders to the world and more and more people are moving around in the northern hemisphere, Australia remains firmly shut and has even reduced the weekly intake of passengers to minimise the risk of COVID leaking from hotel quarantine. As a result, the number of airline services into Australia is still heavily reduced leaving often only very expensive and long transit options for cargo movements. Not long after COVID first hit, with airlines cancelling most services combined with a surge in demand for COVID related cargo, air cargo rates from China hit highs of around USD 16 per kilogram. During the early months of 2021 freight rates stabilised with some airlines reintroducing services and demand falling. Recently however, demand has increased once more as a result of further lockdowns in Australia, as

well as some importers seeking to avoid the heavy delays on container shipping services by utilising air cargo options. Rates have recently increased heavily and cargo is often moving at levels around USD 7 per kilogram. As the peak season demand ramps up, with no relief in sight for airline routes to Australia opening back up, it is likely that rates will soar higher than USD 10 per kilogram again over the next few months.



## USA

Supply chain operations in the USA are extremely heavily congested. The major twin ports of Long Beach and Los Angeles still have queues of between 10-15 vessels waiting at anchor for a berth, and vessel processing times of 3-4 days on average (ideally vessels are usually turned around within 1-2 days). Extended vessel processing times are mainly due to the reduced amount of labour available with only 4 gangs allowed for each vessel. In Oakland, the port for the San Francisco area, vessel queue times have “improved” to 7-10 days, but this is partly as a result of some shipping lines cancelling or limiting their calls to Oakland. Typically underutilised west coast ports, such as Seattle, are now struggling to keep up with a surge of cargo with lines seeking optional ports for unloading cargo. Container congestion in Seattle hit a record high with yard utilisation hitting 120% recently. With labour restrictions in place due to COVID, many terminals are becoming heavily swamped with cargo unable to be serviced.

Rail movements in the USA have always been prone to heavy congestion and large delays during peak periods, further hampered often by wild fires, or wintery conditions. During the current summer months, rail movement transit times, and dwell times in transit ramps, have been at an all time high. Container dwell times are reaching as much as 30 days in rail yards pending car availability to move the containers to their destination. Due to the increased number of required movements at the various stops, rail transit times are also reaching new highs. Currently some rail companies have cancelled services from the west coast ports into mid-west terminals in an effort to clear the current backlogs. Union Pacific, one of the largest container

rail companies, are in the middle of a 7 day shutdown of services from Long Beach, Los Angeles, Oakland, Seattle and Tacoma into Chicago due to serious backlogs disrupting operations in destination rail ramps. BSNF, a major rail operation servicing large carriers such as MSC, have also announced west coast booking suspensions, as well as metering services from New York to Chicago, Cleveland and Indianapolis. It is anticipated that the current backlogs could take several months to ease and further service suspensions will be required affecting further rail ramps.

Many shippers and importers are now seeking truck transport operations for moving containers across the country in order to avoid the heavy rail delays. However, the situation in the trucking industry in the USA has also been heavily impacted with summer volumes and large chassis and driver shortages. Transport movements are now being quoted basically on a spot rate basis, with bookings required weeks in advance in order to secure the transport. Rates for movement of loads can be anywhere for USD 3,000 to USD 15,000 per load depending on urgency, distance, and just how desperate the consignor is to have the cargo moved.

As the USA opens more and more of the country post COVID, it is expected that the supply chain situation will worsen even further. Shippers and importers are advised to allow for extended delays in their cargo planning.



## AUSTRALIAN EXPORTS

Advance bookings of up to 8 weeks are currently required in order to secure space on vessels to many international destinations. Shipping lines are attempting to balance the movement of empty containers with the flood of export cargo that is banking up, but the attraction of getting empties repositioned overseas to take advantage of lucrative shipping rates tends to win out. Freight rates for container shipping ex: Australia have risen, although not as dramatically as inbound rates, making the temptation too strong for shipping lines to give enough attention to export bookings. Rail and trucking services are quite stable at the moment with sufficient capacity available to meet demand.





### UK & EUROPE

Forwarders in the UK and western Europe are struggling to comprehend a latest announcement from shipping lines seeking to impose surcharges for booking cancellations. Transport rates have already hit levels never seen before, and now shipping lines are fining companies that cancel bookings as early as 2 days prior to the delivery date. Forwarders have advised that loads may need to be cancelled for many reasons, including the shipping lines' own vessels arriving late into port. Fines of up to 250 pounds or the full transport rate are being threatened for booking cancellations, with forwarders mainly concerned about the fact that the shipping lines would have no problem finding an alternate load and therefore basically charging twice. Some lines have also advised that they will be updating their transport tariffs in August with some major rate hikes expected.

### SOUTH EAST ASIA

A severe COVID outbreak is ravaging South East Asia currently with the major shipping nations of Vietnam, Thailand, Malaysia and Indonesia heavily impacted. Vietnam is experiencing case numbers exceeding 3,700 per day, Thailand has around 10,000 cases per day, Malaysia is at over 12,000 cases per day, and populous Indonesia is over 50,000 cases per day. The southern part of Vietnam, including major shipping ports in Ho Chi Minh City and Vung Tao, was recently placed into a two-week lockdown until the end of next week. In Malaysia, factories are working at reduced capacity with between 40-90% of the workforce (depending on the type of industry) not allowed to operate. Output in Malaysia is currently placed at around 28% down on normal levels. The entire South East Asian region is also struggling with equipment shortages, with large container pools still banking up in European and American yards, unable to be repositioned quickly back to the ports where they are desperately needed.





# DOCUMENTARY REQUIREMENTS FOR FUMIGATION CERTIFICATES FOR IMPORTED GOODS - UPDATE

A reminder that the Packing Declaration Template (refer to page 2) will be mandatory from 2<sup>nd</sup> August 2021 onwards. In conjunction with this change, new fumigation certificates are required from the 2<sup>nd</sup> of August which must include new wording.

## CURRENT POLICY (VERSION 3.0) REQUIREMENTS

Treatment providers other than those undertaking a treatment under one of the department's recognised schemes (AFAS, BMSB) or to address the risk of Khapra Beetle are required to make a statement related to plastic wrapping of the goods only.

The current policy enables one of the following statements to be made:

- 'plastic wrapping has not been used in this consignment'
- 'this consignment has been fumigated before application of plastic wrapping'
- 'plastic wrapping used in this consignment conforms to the AFAS wrapping and perforation standard as found in the AFAS Methyl Bromide Fumigation Standard'

## REVISED POLICY (VERSION 4.0) REQUIREMENTS

The revised policy which comes into effect 2 August 2021 enables a single statement to be used on all methyl bromide and sulfuryl fluoride certificates regardless of the treatment provider.

The revised requirement is:

- A statement confirming that the target of the fumigation conforms to the plastic wrapping, impervious surface and timber thickness requirements at the time of fumigation, as per Appendix 3 of the Methyl Bromide Fumigation Methodology. **OR**
- A statement confirming that the target of the fumigation conforms to the plastic wrapping, impervious surface and timber thickness requirements at the time of fumigation, as per Appendix 2a of the Sulfuryl Fluoride Fumigation Methodology

## REASON FOR THE CHANGE

The primary reason for this change is that the current statements do not address timber thickness and impervious coating considerations that must be taken into account to ensure effective fumigations are conducted. The new policy harmonises the requirement between providers and removes opportunity for conflicting statements to be made.





# TRANS-PACIFIC TRADE LANES HIT WITH SURCHARGES

Shipping companies operating on trans-Pacific eastbound trade lanes have announced rate increases during August at unprecedented increments, often using new terminology to define the surcharges affecting North American importers.

On July 16th, German shipping line Hapag-Lloyd announced a Value Added Surcharge (VAD) of \$5,000/forty-foot equivalent unit (FEU) or \$4,000/twenty-foot equivalent unit (TEU) which will take effect on August 15th for spot cargo shipments from China to the US and Canada.

The company said, “this surcharge will not affect any mid-term or long-term contracts and is meant to replace some other ad hoc surcharges such as the Shipment Guarantee Fee.” They added that the increase was “due to the continuation of extraordinary demand from China and the resulting operational challenges along the transport chain.”

The surcharge alone exceeds the cost of container freight from North Asia to East Coast North America since the Platts assessment was launched in July 2017 through to December 2020. The assessment, Platts Container Rate (PCR) 5, was \$8,600/FEU on July 16th.

The \$5,000/FEU surcharges are greater than the total freight cost from North Asia to West Coast North America from at least July 2017 to just six weeks ago on June 1. That assessment, PCR13 was at \$7,400/FEU on July 16th.

## BARGAINING POWER

All nominated surcharge and rate increases are subject to negotiation with shippers, although the demand for imports in North America is so strong, and available space on ships departing Asia is so limited that bargaining power is firmly lopsided towards ship owners, according to market sources. “There’s no predicting what kind of numbers we’re going to get. Numbers are bubbling to the top. There are no good deals. We’ve got carriers who we have contracts with who refuse to honour the minimum quantity

commitments”, a Singapore-based logistics provider said.

## SIMILAR SURCHARGE INCREASES

Other shipping firms made comparable surcharge announcements this week. Trans-Pacific customers of Israel-based ZIM Integrated Shipping Services received a notice this week that a Congestion Surcharge (CGS) would be implemented from August 6th, lifting rates from East Asia to the US by \$5,000 on both an FEU and TEU basis, according to shipping consultant Jon Monroe.

Switzerland-based MSC said it would impose a CGS of \$1,000/FEU for East Asia to US/Canada from Sept. 1. This is in conjunction with Peak Season Surcharges (PSS) for the route imposed by MSC as early as March and that increased by \$2,500/FEU in June.

The typical peak season takes place between August to November as retailers restock in ahead in preparation of end-of-year holidays. However, this restocking went underway much earlier this year amongst the heavy supply chain congestion.

Effective August 1st, Singapore-based ONE announced PSS for East Asia excluding China to North America of \$2,000/FEU. The PSS from China to North America will be \$1,000/FEU.

## WESTBOUND SURCHARGES

During August, amid port congestion and as carrying capacity is diverted to trans-Pacific services, Trans-Atlantic westbound trade lanes will also be subject to new PSS. ONE has PSS of \$3,300/FEU set to take place from August 4th for Europe to US East Coast shipments.

Meanwhile, France’s CMA CGM announced a PSS of \$1250/FEU for North Europe to the US East Coast and US Gulf Coast effective from August 4th. Platts Container Rate 9, North Europe to East Coast America, was assessed at \$6200/FEU on July 16th.

Holt, G & Lademan, D. (2021). Container shipping companies announce hefty trans-Pacific Surcharges. Retrieved from <https://www.spglobal.com/platts/en/market-insights/latest-news/shipping/071621-container-shipping-companies-announce-hefty-trans-pacific-surcharges> on 22nd July, 2021.



# SEASONAL MEASURES FOR BROWN MARMORATED STINK BUG (BMSB)

**F**or the 2021-22 BMSB risk season, BMSB seasonal measures will apply to targeted goods manufactured and shipped from target risk countries, that have been shipped between 1 September 2021 and 30 April 2022 (inclusive), and to vessels that berth, load, or tranship from target risk countries within the same period.

Note: The shipped on board date, as indicated on the Ocean Bill of lading, is the date used to determine when goods have been shipped. “Gate in” dates and times will not be accepted to determine when goods are shipped.

Measures are reviewed throughout the season and necessary adjustments may be made based on detections of BMSB and changes in the risk pathways. Target high risk and target risk goods manufactured in or shipped from the target risk countries as sea cargo between 1 September 2021 and 30 April 2022 (inclusive) as reflected on the Bill of Lading are subject to BMSB intervention. All other goods are not subject to BMSB intervention unless they are packed in a container with target high risk or target risk goods that require BMSB intervention, then all other goods are subject to the measures. Target high risk goods subject to mandatory offshore treatment that arrive untreated or treated by an unapproved treatment provider in a target risk country, will be directed for export on arrival. Goods shipped in iso-tanks and as bulk-in-holds of cargo vessels are not subject to the measures.

## TREATMENT OF TARGET HIGH RISK GOODS

- Target high risk goods treated in target risk countries must be treated by a registered offshore treatment provider approved under the Offshore BMSB Treatment Providers Scheme.
- Treatments conducted by an unapproved treatment provider in a target risk country will not be recognised as valid and the goods will be subject to onshore treatment (if permitted) or be directed for export.

- Treatment providers in other countries who intend to conduct BMSB treatments for goods that are manufactured in any of the target risk countries are also encouraged to register under the offshore treatment provider’s scheme.

- Treatment certificates from providers in non-target risk countries who do not register will be accepted, however these goods will be subject to increased intervention on arrival compared to those treated by approved treatment providers.

The approved treatments are heat, Methyl Bromide and Sulfuryl Fluoride.

## BREAK BULK GOODS

- Mandatory offshore treatment of target high risk goods shipped as break bulk cargo will be required. Onshore treatment is not permitted.
- Goods shipped in open top containers (including in gauge) or on flat rack containers are also considered to be break bulk.
- Untreated break bulk will be directed for export. Where these goods are identified prior to a vessels arrival into Australia, they will be denied discharge from that vessel.
- Automated Entry Processing for Commodity (AEPComm) arrangements for BMSB is permitted for break bulk goods. See relevant BICON commodities for assessment and outcomes.
- FCL containers that have been modified, such as those used to house in-built power generators, etc. are no longer sealed six hard sided containers and are considered to be break bulk cargo.

## CONTAINERISED GOODS (FCL, FCX)

- Containerised cargo arriving in sealed six hard sided containers with target high risk goods can be treated offshore, or onshore at the container level.
- The department classifies refrigerated containers (operating and non-operating) and hard top sealed containers (ISO22U6/



ISO22UP, ISO42U6/ISO42UP and ISO45U6/ISO45UP) the same as six hard sided sealed containers.

- FCL containers that have been modified, such as those used to house in-built power generators, etc. are no longer sealed six hard sided containers and are considered to be break bulk cargo as per above.
- Goods are to be treated within the container. Deconsolidation or removal of goods will not be permitted prior to treatment. No exemptions for deconsolidation or segregation on arrival will be considered by the department.
- Consideration must be given to ensure containers are packed in a manner that will enable effective onshore treatment at the container level where required, to avoid possible export of the container.
- AEPCOMM arrangements for BMSB is permitted for containerised goods shipped as FCL (Full Container Load) and FCX (Full Container Consolidated). See relevant BICON commodities for assessment and outcomes.
- To demonstrate goods were sealed inside a container prior to 1 September 2021 or after treatment, a BMSB sealing declaration must be provided with the lodgement. This document is required where:
  - Goods were containerised prior to 1 September 2021, but shipped after this date, or
  - The bill of lading does not state the shipped-on board date, or
  - Goods were sealed inside the container within 120 hours of treatment occurring offshore.
- Supporting documentation must be completed and signed by either the exporter, freight forwarder, or shipping company at the port of origin.

Note: Container tracking information may be used as supplementary means of confirming shipped on board date. It cannot be used as the primary form of evidence. Container tracking information is insufficient for demonstrating when goods were sealed in a container.

Containerised goods shipped as Less than Container Load (LCL) consignments and Freight of all Kinds (FAK) containers

LCL and FAK containers with target high risk goods will be managed at the container level for BMSB risk prior to deconsolidation. Once these have been managed, the consignments within these containers will be processed at the Full Import Declaration (FID) level for all other biosecurity intervention (if applicable).

See the Management of LCL/FAK containers web page for more details.

## **AIR CARGO**

Due to detections of live BMSB in previous season, air cargo arriving between 1 September and 30 November 2021 (inclusive) from USA and Italy, containing target high risk chapters 84, 85, 86 and 87 will be subject to random verification inspections.

## **RANDOM ONSHORE VERIFICATION INSPECTIONS**

- All target high risk and target risk goods will be subject to random verification inspections and will be directed for onshore treatment if BMSB is detected.
- Where goods are shipped as break bulk, random inspections are required to be conducted at a Class 21.1AA. For goods shipped in flat rack and open top containers, these inspections will be able to be conducted at Class 1.1 and Class 1.3 AA.
- All random onshore verification inspections are required to be completed in a metropolitan location.
- The department will continue to review the changing pest status of BMSB and will be undertaking a lower rate of random onshore inspections on goods from emerging risk countries (watch list countries) to verify pest absence in goods.
- All goods must still meet the standard import conditions in the department's biosecurity import conditions database (BICON) for all other biosecurity risks.

## **KNOWN RISK PATHWAYS AND SUPPLY CHAINS**

- Goods from known risk pathways and supply chains that have had previous detections of BMSB may be subject to BMSB intervention including treatment and/or inspections.
- These risk pathways and supply chains will be reviewed throughout the season and adjusted to manage the risk of BMSB as required.

## TREATMENT OF BMSB GOODS IN AUSTRALIA AND NEW ZEALAND

- The BMSB Seasonal measures are for goods being imported into Australian territory, and managing the risk associated for all goods that come into Australian territory.
- In conjunction with New Zealand MPI, New Zealand and Australia will not be conducting BMSB treatments for each other.
- Goods bound for Australia cannot be treated for BMSB in New Zealand and vice versa. For example, if the goods have been exported from New Zealand for not meeting BMSB import conditions, they will not be permitted to be treated in Australia, and vice versa.

The following countries below have been categorised as target risk: Albania, Andorra, Armenia, Austria, Azerbaijan, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Czechia, France, Japan (heightened vessel surveillance will be the only measure applied), Georgia, Germany, Greece, Hungary, Italy, Kazakhstan, Kosovo, Liechtenstein, Luxembourg, Montenegro, Moldova, Netherlands, Poland, Portugal, Republic of North Macedonia, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Switzerland, Turkey, Ukraine and United States of America.

Any target high risk or target risk goods which are manufactured in or shipped from the target risk countries will be subject to the BMSB seasonal measures. Any vessel that berths at, loads, or tranships from the target risk countries is also subject to the BMSB seasonal measures.

In addition, the department continues to review the changing risk status of BMSB and will also be undertaking random onshore inspections on goods from other emerging risk countries to verify pest absence in goods.

The following countries have been identified as emerging risk countries for the 2021-22 BMSB risk season and may be selected for a random onshore inspection: Belarus, Malta, Sweden, United Kingdom, and Chile.

More information can be found: <https://www.agriculture.gov.au/import/before/brown-marmorated-stink-bugs#what-are-the-measures-relating-to-goods>

If you have any queries related to the above, please contact our Tomax Team on 1300 186 629 or email [sales@tomax.com.au](mailto:sales@tomax.com.au)





# STAFF SPOTLIGHT

## MEET KIRSTY BUSELLI

**Sales Support**  
**TOMAX LOGISTICS AUSTRALIA**

### YOUR ROLE AT TOMAX?

I act as Sales Support to Marc, Dale and Billy. I quote Sea freight and Airfreight rates to Agents and clients for import and export shipments.

### YOUR INTERESTS/HOBBIES?

I am an avid reader, devouring at least 4 books a week. I love cooking as being in my kitchen relaxes me. I enjoy entertaining family & friends, which usually pairs excellently with a few bottles of wine/gin.

### YOUR DREAM DESTINATION?

Borneo. To see orangutans in their natural habitat. I hope to participate in a volunteer program at one of the rehabilitation centres or sanctuaries. After spending an afternoon with 2 rescued orangutans and mud bathing with elephants in Bali, I have found a deep love for these endangered creatures.

### YOUR GREATEST INSPIRATION/ROLE MODEL?

Most definitely my parents. They immigrated from Wales, both under 20 years old, just the 2 of them with a suitcase each. Surviving on bread and baked beans, both found work-with Dad working 2 jobs to make ends meet. They faced many challenges and endured some very tough times indeed. Their determination and hard work paid off, eventually being able to provide a comfortable, loving family life for my sister and I. They raised me with a strong moral compass. Their irrevocable love, support and guidance has shaped me into the woman I am today.



### YOUR SUPERPOWER IF YOU COULD CHOOSE ONE?

To be able to heal someone with my touch and take someone's pain away. It would be the most gratifying power to be able to end suffering in people.

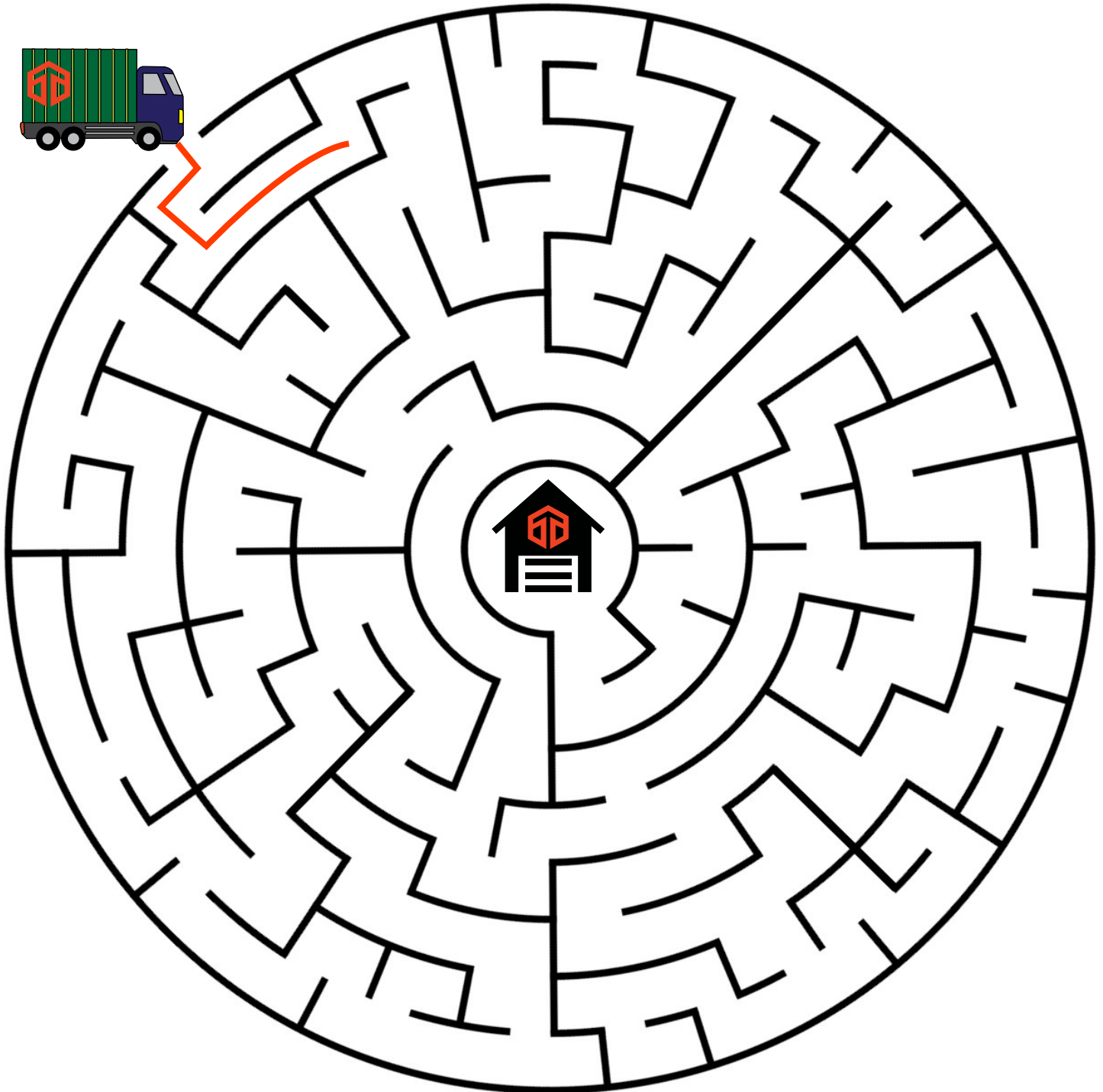
### WHAT IS THE BIGGEST CHALLENGE YOU'VE FACED?

Becoming a mum, by far the greatest, most rewarding experience in my life. As a parent, you endlessly face challenges along the journey. I have 2 boys, aged 18 and 15. Instilling values and teaching them respect is such a huge responsibility and honour. One of the most difficult things, as a mother, is letting go of the invisible leash. From the 1st day of school to the 1st time they drive off, you never stop worrying! Only once they are home, you can exhale.



# TOMAX MAZE

Can you help the Tomax Truck reach the warehouse?



Australian HQ  
19/202 Ferntree Gully Rd  
Clayton VIC 3168

tomax.com.au  
1300 186 629  
03 9544 4227

