



TOMAX
NEWS

Issue 72
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PLUS:

MARKET SUMMARY

- COVID shutdowns in China may cause a temporary drop in freight rates, but there are projections that once factories are able to open again there will be a flood of cargo potentially giving shipping lines the ability to drive rates up further again towards the 2021 peak season level. Experts are divided on how long the current shutdown will last, with some predicting it could be weeks or months before things get back to normal.
- Cargo movements between Australia's east coast and the westward cities of Adelaide and Perth are at an all time high. The demand for transport vehicles on these routes is extreme with large backlogs of freight still to be moved. Truck bookings are required up to 2 weeks in advance at the moment in order to secure space.
- Quarantine bookings around Australia remain in short supply with availability still reaching two weeks before a booking can be secured. Tomax recommends that clients provide all shipping documentation at least 2 weeks in advance of arrival (where possible) currently where cargo is, or could be, subject to Quarantine inspection.

TARIFF CONCESSIONS GAZETTE

Tariff Concession Orders (TCOs) are an Australian Government revenue concession that exists where there are no known Australian manufacturers of goods that are substitutable for imported goods. The weekly Tomax Client Newsletter will contain a link to the latest Gazette document so that you can stay updated.

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FORWARDERS SEEK ALTERNATIVES TO THE CHINA-EUROPE RAIL FREIGHT ROUTES

Amid sanctions against Russia, forwarders are struggling to hunt for alternatives to the China-Europe rail freight routes – with ocean winning, for the meantime.

Trains are still running along the Trans-Siberian route, but Russian Railways have been sanctioned, causing European forwarders to suspend bookings through the country. The majority of customers were turning to air or ocean freight, in light of the uncertainty surrounding sanctions against Russia and Belarus and the risk of shipments getting stuck in either country.

According to local media, some Chinese traders have also stopped orders as they evaluate the potential impact of sanctions, including on insurance and payment settlement. As a result, the weekly China-Europe train from Shanghai has reportedly seen a 40% drop in bookings and its frequency reduced. Similarly, the Silk Road freight train from Vietnam has been suspended. The service, which operates via Zhengzhou, was formulated in July to meet the demand in South-east Asia for non-sea or -air cargo options and heavy truck congestion on the Vietnam-China border.

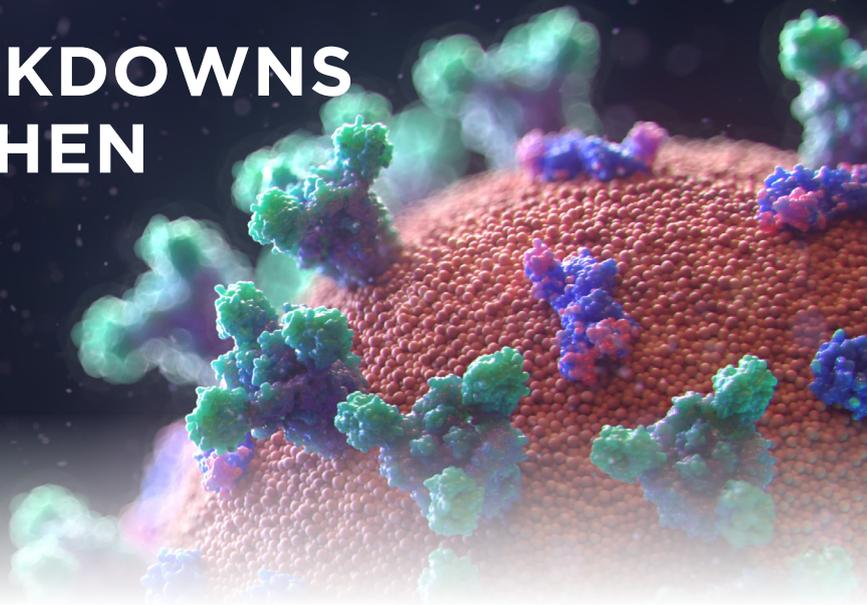
Now, proponents of China-Europe rail freight are keen to switch to keep cargo

moving, checking out various routes through the middle or southern corridors largely through Kazakhstan, Azerbaijan, Georgia and Turkey via the Caspian Sea, or Romania via the Black Sea. These routes equate to longer transit times and can lead to increased congestion.

Despite some exploring alternative rail corridors, many are already jumping to sea-air or direct sea freight as sea freight rates are much less and the transit time to the main European ports is much faster. The middle corridor could be a good option, but investments need to be made in new infrastructure to try to avoid the reloading process, as currently they have more than seven or eight reloading processes before arrival in Europe. The volume shift from rail to sea is likely to increase Asia-Europe congestion, whereby, “in 2021, 1.5m containers of cargo were shipped by rail west from China to Europe and if the volumes currently going by container rail were added to the Asia-Europe ocean freight demand, this would mean a 5% to 8% increase on an already congested trade route.”

Whelan, S. (2022). Forwarders seek alternatives to China-Europe rail services through Russia. Retrieved from <https://theloadstar.com/forwarders-seek-alternatives-to-china-europe-rail-services-through-russia/> on 17th March, 2022.

NEW COVID LOCKDOWNS IN CHINA LENGTHEN DISRUPTIONS



Following the latest round of COVID related lockdowns, forwarders have warned of landside logistics disruption in China despite key gateway ports said to be operating normally. For instance, Maersk claimed it was “business as usual” in Shanghai and Shenzhen, but noted the major lockdown in Shenzhen, which is home to Yantian container terminal, would result in warehouses and container freight stations closed until Sunday at least. Another logistics company warned that, although there is no direct hit on ocean terminals and carrier operations, there was “potential impact on ocean freight due to trucking restrictions if picking up from outside Shenzhen or a locked-down area.”

Most carrier staff, from companies such as CMA, ONE, HMM and Matson, have commenced working from home arrangements, which may cause delays in communications, emails and operations. There are trucking restrictions in place for vehicles traveling in and out of Shenzhen, which prevents cargo from the restricted areas from entering. According to Alphaliner, despite ports being open, the lack of terminal handling staff and expected trucking delays could put pressure on carriers to “skip numerous Pearl River Delta calls, or keep vessels waiting.”

It added, “the greater Shenzhen region is also China’s hi-tech hub, a centre of manufacturing for electronic devices such as smartphones, computers, or TVs. Shenzhen is home to industry majors

such as Huawei, Oppo, TCL and Foxconn, manufacturing components for Apple, Amazon, Intel, Samsung and many others.”

According to another logistics company, cross-border trucking with Hong Kong is also impacted, with limited capacity and long waiting times, the forwarder adding, “many goods for cross-border are now transported by ocean due to limited truck capacity. Warehouses in Hong Kong have reduced capacity for cargo handling, causing delays for handling and loading.”

Shanghai, said to be “on the brink” of lockdown and already having imposed restrictions on passenger flights, so far has claimed there is no direct impact on terminal operations. However, a logistics company added, “trucking restrictions in Shanghai have caused some shipments to be moved out of Ningbo and CFS warehouses require drivers to have COVID test reports valid for 48 hours.”

Additionally, some factories have ceased or reduced operations based on local conditions with predictions that the current COVID wave would likely put a dent in China’s exports. There have also been reports of lengthening ship queues outside Chinese ports with 262 vessels waiting outside Shanghai and Ningbo, up from 243 last week.

Whelan, S. (2022). Logistics disruption and ship queues lengthen after new China lockdowns. Retrieved from <https://theloadstar.com/logistics-disruption-and-ships-queues-lengthen-after-new-china-lockdowns/> on 17th March, 2022.



EVER FORWARD STRANDED BUT UNDAMAGED

A year after a giant container ship was stuck in the Suez Canal for almost a week and disrupted global trade for months, another Evergreen Marine Corp vessel has run aground, this time near the U.S. capital.

The Hong Kong-flagged “Ever Forward” got stranded after departing the Port of Baltimore Seagirt Terminal on Sunday night. The 334-meter, 12000 TEU vessel was en route to Norfolk, Virginia, when it got stuck in the Chesapeake Bay. Divers who inspected the underside of the grounded Evergreen ship, “Ever Forward” confirmed the hull is intact and the rudder and propeller are fully functional. Furthermore, Evergreen has advised that no leakage of fuel so far has been identified.

Evergreen stated, “a team of experts are at the scene to assess the vessel’s grounding condition, the weight of the cargo on board and the tidal range at the location

in Chesapeake Bay. This information will be used to design an effective plan to refloat Ever Forward. As soon as the plan is approved by the competent authority, we will immediately put it into effect.” According to reports, a team of salvage experts, including naval architects, has boarded the vessel to determine the best course of action to refloat the vessel.

“The ship’s grounding is not preventing other ships from transiting to the Port of Baltimore,” William P. Doyle, Maryland Port Administration Executive Director, said in a statement, “efforts have been underway since last night to try and free the ship and will continue today. The Coast Guard is monitoring the situation.”

Savvides, N. (2022). Ever Forward undamaged, says Evergreen as salvor is appointed. Retrieved from <https://theloadstar.com/ever-forward-undamaged-says-evergreen-as-salvor-is-appointed/> on 18th March 2022.



ENTERPRISE AGREEMENT VOTED UP BY PATRICK TERMINALS STAFF

After two prolonged years of negotiations, Patrick Terminals employees across all four of its terminals have voted up a new enterprise agreement. The new agreement provides employees with a 4% pay rise in 2022 with consumer-price index increase for the next 3 years and will provide Patrick Terminals with the increased operational flexibility to “better meet customers’ needs and service the changing supply chain landscape.” Furthermore, the new agreement will enable the company the right to recruit at their discretion without restrictive union quotas.

Michael Jovicic, Patrick Terminals C.E.O, stated, “we are pleased to have secured support for our new enterprise agreement across our workforce. This new four-year arrangement provides the flexibility that we sought in regard to recruitment and will allow us to better service our customers in regard to manning, new technology and operational efficiency.

We would like to thank our customers and employees for their patience over the past two years and now look forward to a future of industrial stability on the Patrick waterfront.”

The new enterprise agreement will now be lodged with the Fair Work Commission to ratify. Meanwhile, the Freight & Trade Alliance (FTA) and Australian Peak Shippers Association will continue its advocacy for a formal waterfront industrial relations review to provide business continuity for what is an ‘essential service’ and being an international gateway for major supply chains.

Ackerman, I. (2022). Patrick Terminals employees vote up enterprise agreement. Retrieved from <https://www.thedcn.com.au/news/ports/patrick-terminals-employees-vote-up-enterprise-agreement/> on 17th March, 2022.

\$7.9 MILLION DONATED FOR A GREENER TRANSPORT FUTURE FOR AUSTRALIA

A \$7.9m donation to the Business School will support research to drive government and industry action on sustainable transport. Gifted by alumnus Neil Smith, an internationally recognised transport business owner, the donation was made to make envisioning a green transport future for Australia, a reality.

The donation will fund research, education and scholarship in the field of sustainable transport technology. With transport worldwide currently contributing to 20-30% of global carbon emission, the Neil Smith Chair of Sustainable Transport Futures will work towards generating the knowledge that underpins a transition to a green future for Australia's transport industry. The chair will provide leadership and translation of research with a view to influencing policy at all levels of Australian government.

"I believe Australia urgently needs to keep pace with other countries, such as Great Britain, on sustainable transport development. Through research and leadership there is an urgent need to stimulate action to address the ongoing issues of how transport contributes to climate issues," said Neil Smith, "my greatest hope for this gift is that, within a decade, sustainable transport is no longer a politically polarising issue in Australia but a shared goal. I am confident that positive change is possible with investment and I hope this gift will help instigate that change."

University of Sydney. (2022). Australia's sustainable transport future gets \$7.9 million boost. Retrieved from <https://www.sydney.edu.au/news-opinion/news/2022/03/16/australia-s-sustainable-transport-future-gets-7-9-million-boost.html> on 17th March, 2022.



STAFF SPOTLIGHT

SARAH DEZEEUW EXPORT OPERATIONS

TOMAX LOGISTICS U.S.A

WHAT DO YOU DO AT TOMAX?

My primary job is working as all around support. Whenever someone needs me to jump in and lend a hand, whether it be data entry, setting up deliveries, tracking cargo, assisting with billing, I'm the person to help you get it done!

WHAT ARE YOUR HOBBIES/INTERESTS?

I love hanging out with my 4-year-old nephew, Sterling, and playing games with him. I also love Bingo! I try to go at least once a week and I'm rather lucky at it! I also love hitting up antique stores and thrift stores and looking for hidden gems. A few weeks ago, I found a Kate Spade vase for just two dollars, which would have cost me close to one hundred dollars had I bought it in the store. With a little time and a discerning eye, there is no telling what you can find!

DO YOU HAVE ANY HIDDEN TALENTS?

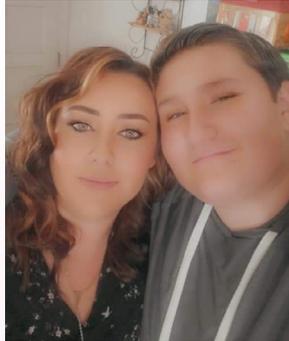
I do! I love to draw and paint, and do that whenever I have the time, but my primary love is hair! I'm a licensed stylist and still have clients I see during my off time. I even have a legitimate stylists chair in my kitchen! I adore creating fun colors and making people feel fabulous about the way they look!

ONE THING YOU CAN'T LIVE WITHOUT (BESIDES BASIC NECESSITIES)?

My dog, Crouton. (I'd list my kid, Noah, but I think he is a basic necessity and may not count!) Crouton is always by my side. He's my best furry friend and I don't know what I would do without him!

FAVORITE SEASON?

Fall. I love the colors, the leaves, the weather, Halloween, all of it. I really love Halloween because it also allows me to explore another love of mine, which is creative makeup!



BEST PLACE TO VISIT IN THE U.S.A.?

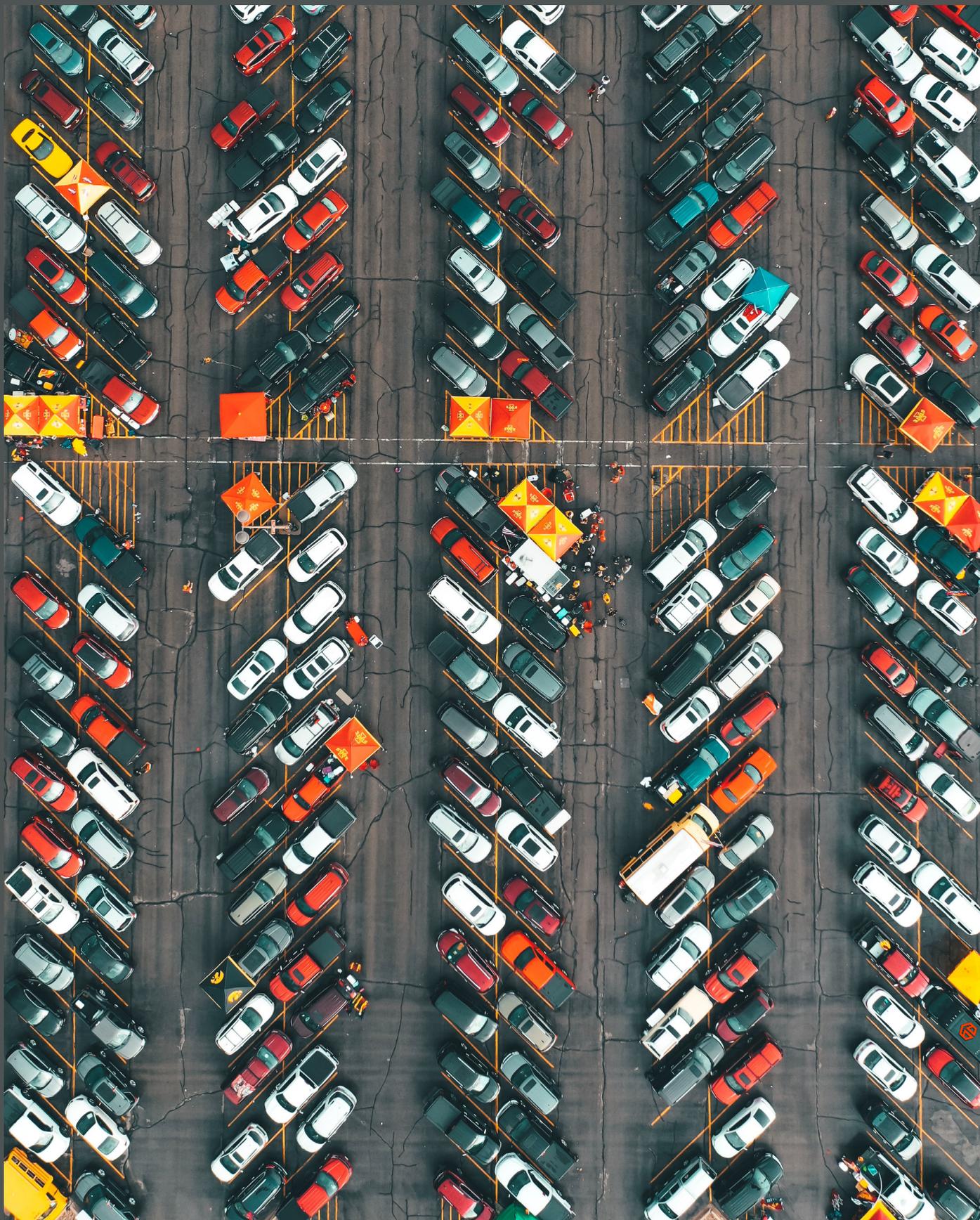
Seattle. It's where our home office is here in the USA and the people are wonderful so it is so nice to see them and hang out and catch up. The market by the water is also an amazing place to be and you can spend hours and hours just walking and shopping and enjoying great food.

SOMETHING YOU ARE LOOKING FORWARD TO?

Learning more about this new and interesting business! Having my hands on a variety of difference facets of the job has been so much fun. Every day is varied and different and full of interesting countries. I cannot wait to see what the world decides to bring to my doorstep!

FIND THE TOMAX LOGO

See if you can find the hidden Tomax logo in the photo below!



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