



TOMAX  
NEWS

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PLUS:





# MARKET SUMMARY

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- There are large courier service disruptions for parcels being sent to China due to the ongoing COVID-19 lockdowns in various major cities. Many courier companies are not accepting cargo currently for certain Chinese destinations so please plan ahead and ask one of the Tomax team if you need assistance with consignments that would normally be sent via courier.
- Warehousing space Australia-wide continues to be at a premium with rates for the very marginal amount of space available reaching record highs. Lease pricing has hit around \$175 per sqm for industrial warehousing space in Sydney which will drive rates up even further.
- Fuel pricing on transport services around the country continue to increase despite the Government's attempt to curb rising costs with a reduction in the excise. Transport companies point to the cancellation of fuel tax credits for road transport operators as the reason behind not being positioned to obtain lower fuel prices.
- Hutchison Terminal have announced an increase in their Port Infrastructure Levies in Brisbane to be applicable from 1st May. The continuous increases applied by terminals further weaken the ability of importers to remain profitable and result in inevitable rises in the cost of living.

# TARIFF CONCESSIONS GAZETTE

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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.

[CLICK TO VIEW LATEST GAZETTE](#)

# LATEST NEWS



## UKRAINE-RUSSIAN WAR DARKENS GLOBAL ECONOMY

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According to the World Trade Organisation, the prospects for the global economy have darkened since the outbreak of war in Ukraine, stating the logistics sector could be operating in less favourable market conditions this year than initially anticipated.

In its latest analysis on the outlook for world trade over the next two years, published this week, they are now expecting merchandise trade volume growth of 3% in 2022, down from its previous forecast of 4.7%, and 3.4% for 2023. However, these estimates are less certain than usual, due to the fluid nature of the Ukraine conflict.

The volume of trade rose 9.8% last year after dropping by 5% in 2020, the first year of the coronavirus pandemic. They are currently also forecasting far lower export growth in nearly all regions of the world this year. Asia could see a sharp slowdown, to just 2%, compared with 13.8% last year, Europe could register growth of only 2.9%, compared with 7.9% in 2021, while North America could be reduced to 3.4% from 6.3%.

Notably, the most immediate economic impact of the war in Ukraine had been a sharp rise in commodity prices. Despite their small shares in world trade and output, Russia and Ukraine are key suppliers of some essential goods, including food, energy and fertilisers, which are now threatened by the war. Grain shipments through Black Sea ports have

already been halted, with potentially dire consequences for food security in poor countries.

“The war in Ukraine has created immense human suffering, but it has also damaged the global economy at a critical juncture,” said WTO director-general Ngozi Okonjo-Iweala, “its impact will be felt around the world, particularly in low-income countries, where food accounts for a large fraction of household spending. Smaller supplies and higher prices for food mean the world’s poor could be forced to do without. This must not be allowed to happen. In a crisis, more trade is needed to ensure stable, equitable access to necessities. Restricting trade will threaten the wellbeing of families and businesses and limit the possibility of a durable economic recovery from Covid-19.” Ms Okonjo-Iweala urged governments and multilateral organisations to work together to facilitate trade as the war in Ukraine is not the only factor weighing on commerce at the moment.

The WTO added, “lockdowns in China to prevent the spread of Covid-19 are again disrupting seaborne trade at a time when supply chain pressures appeared to be easing. This could lead to renewed shortages of manufacturing inputs and higher inflation.”

Todd, S. (2022). Russia-Ukraine conflict puts fragile global trade recovery at risk. Retrieved from <https://theloadstar.com/russia-ukraine-conflict-puts-fragile-global-trade-recovery-at-risk/> on 22nd April, 2022.



# GROUNDING EVERGREEN SHIP FACES \$100M IN ENVIRONMENTAL COSTS

Evergreen has been urged by the U.S. state of Maryland to start a \$100m 'responsibility fund' to pay for the economic and environmental damage caused by the grounding of its box ship Ever Forward.

The Taiwan carrier reported that the 12,118 TEU Ever Forward, stranded in Chesapeake Bay from 13 March 2022, was finally refloated on Sunday, just after 7am local time, after about 550 containers were offloaded to lighten the vessel. Salvage operations included dredging under the vessel to free it, leading the state seeking to claim economic damages from the accident.

Maryland comptroller Peter Franchot wrote to Benjamin Tsai, president of Evergreen Shipping Agency (America), saying that, while much was unknown about the circumstances that led to the ship becoming stuck, "the situation has already damaged the

environment and could lead to more damage in the days to come. While we do not know the full scope of the environmental impact thus far, a 131,420-ton ship, carrying tons of cargo and fuel, getting stuck in our waters undoubtedly has resulted in disruptions to the bay's fragile ecosystem."

A response to the Maryland state comptroller's letter is being penned, according to Evergreen, which added, "following underwater inspections at nearby anchorage, Ever Forward will return to the port of Baltimore and reload the cargo that had been discharged and then continue on its previously scheduled voyage, which begins with Norfolk, VA."

Savvides, N. (2022). Ever Forward refloated, but salvage and environmental costs could hit \$100m. Retrieved from <https://theloadstar.com/ever-forward-refloated-but-salvage-costs-could-hit-100m/> on 22nd April, 2022.



# UKRAINE WAR EXACERBATES WOODEN PALLET SHORTAGE

The war in Ukraine has claimed a new collateral victim in Europe: the market for wooden pallets – crucial in the packaging, handling and storage of goods. Currently, more than 600m of its pallets and 20m of its box pallets are in circulation according to the European Pallet Association (EPAL).

For several weeks, the sector, which was already operating under difficult market conditions triggered by COVID and the supply chain disruption it has wrought, is experiencing increased strain due to wood shortage, skyrocketing manufacturing costs and a scarcity of producers.

“In a few months, the price of a single (new) pallet has risen from about \$10 AUD to almost \$43 AUD. They are increasingly difficult to find and more expensive to produce in a context of soaring raw material costs and in particular the price of wood,” according to a French trade association specialising in the transport and storage of fresh and frozen products. The association’s chief delegate, warned, “without pallets, supply processes cannot be carried out successfully. It is urgent to sit down around the table to find a better balance between supply and demand.”

They highlighted the contributing factors to the current scarcity being a lack of optimisation in the usage of pallets by all of the different parties in the logistics chain, breakage, loss, and in some cases, long retention times.

The manufacturing costs of wooden pallets rose by an estimated 40% in 2021 and Russia’s invasion of Ukraine at the end of February has since exacerbated the inflationary pressures. Ukraine proved to be a major producer, exporting close to 15m pallets to European markets annually before the war took place. However, its workshops are now inactive and its exports have dried up, triggering a shortage of new products.

Furthermore, a number of countries in Western Europe would normally source up to 25% of their pallet and packaging wood from Ukraine, Russia and Belarus but war and sanctions have brought supplies from these three countries to a halt.

Urban Palettes Recyclage, testify to the current shortage of second-hand pallets indicating they “recycle on average a little more than 100,000 pallets per month”. This month they saw a drop of 25% in the number of pallets received.

Two out of every three wooden pallets in France have been through a recycling process and today can command a price of up to \$20.61 AUD per unit, which, although steep compared to historical levels, is half that of a new model.

In response to the shortages, start-up Magic Pallet, has developed a pallet exchange platform to optimise available stocks and has seen business activity rise by 50% in the space of a single month. Wissam Mimouni, financial director of the company said, “we open our pallet storage facilities to shippers and they can go and pick them up wherever they need them to meet their needs.”



Todd, S. (2022). Ukraine war worsens wooden pallet shortage as prices soar. Retrieved from <https://theloadstar.com/ukraine-war-worsens-wooden-pallet-shortage-as-prices-soar/> on 22nd April, 2022.



# AFFORDABILITY ISSUES FACED BY MELBOURNE INDUSTRIAL OCCUPIERS

**W**hile land values continue to steadily climb, Melbourne's record-low industrial vacancy rate is expected to remain below 2% over the next two years, according to CBRE. CBRE has recently reported that the city's supply of zoned land is continuing to dwindle as Melbourne industrial occupiers could be hit with affordability issues. Additionally, the report forecasts that Melbourne's tight industrial vacancy rate of 1.3% – the second lowest in the country – will drive double-digit growth land-in-land values as land supply diminishes, particularly in the south-east.

James Jorgensen, CBRE Victorian State Director, Industrial & Logistics says, "a perfect storm of heightened occupier demand and institutional appetite for industrial and logistics property has resulted in Melbourne's zoned land supply being exhausted far sooner than expected. This is placing upward pressure on occupancy cost via rental rates and outgoings, which could soon result in affordability becoming a serious concern for occupiers. One thing to note is that there is still plenty of rural and Green Wedge land on Melbourne's periphery. There is increasing pressure on local councils and government to be proactive with planning controls and start to look at rezoning opportunities in these areas to address growing supply issues."

Sass J Baleh, CBRE's Pacific Head of Industrial & Logistics Research believes the continued strength of the city's industrial and logistics market is due to the increasing demand

for occupiers to be located in Melbourne. Sass says, "Australia's largest container port is located in Melbourne and the market continues to benefit from strong population growth, a relatively efficient infrastructure network, and the city's competitive rent cost differential compared to Sydney and Brisbane. This will keep vacancy rates sub-2% and land values will continue to appreciate at double-digit growth rates over the next two years. The forecasts are particularly strong for Melbourne's south-east, where just 140ha of industrial zoned land has been identified for development over the next three years. This is 2% of the total undeveloped zoned land supply in Melbourne, and as a result we forecast the strongest rent growth to occur in Melbourne's south-east precinct averaging 4.6% p.a. between 2022 and 2026." Sass also forecasts that Victoria's e-commerce penetration rate will reach 17% in 2022, above the national rate of 14%, adding, "given our forward projections on Victoria's e-commerce penetration (reaching 20% by 2025) around 160,000 sqm of space p.a. will be required to 2025 to support the growth in internet sale."

Historically, an average of 527,600 sqms of space has been delivered to the Melbourne market each year since 2010. In order to cater for the growth in e-commerce, new supply will need to be elevated by 30%.

Misuraca, J. (2022). Melbourne industrial occupiers face affordability issues. Retrieved from <https://mhdsupplychain.com.au/2022/04/18/melbourne-industrial-occupiers-face-affordability-isskedin> on 20th April, 2022.





# ANZAC DAY - LEST WE FORGET

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Please note that all Tomax Australian Offices and Warehouses will be closed on Monday 25th April 2022. Offices and Warehouses will be business as usual on the following Tuesday 26th April.



They shall grow not old,  
as we that are left grow old;  
Age shall not weary them,  
nor the years condemn.

At the going down of the sun  
and in the morning

*We will remember them.*



# STAFF SPOTLIGHT

## MARK SZCZEPANIK COURIER DRIVER TOMAX TRANSPORT



### What do you do at Tomax?

I am a courier driver, who works at the Hoppers Crossing depot.

### Your hobbies and/or interests?

Going for walks.

### How did you spend your long weekend?

I like to spend my weekends in the garden.

### What is next on your “bucket list”?

Travel to Europe!

### Something you don't like the taste of?

Chili sauce!

### If you could have any super power, what would it be and why?

The ability to time travel so I can see what the future is like.

### Your proudest moment?

Playing 150 games of Footy for Hoppers Crossing.





# QUICK RIDDLES

See if you can answer the following quick riddles?!

1. There's a one-story house where everything is yellow. The walls are yellow. The doors are yellow. All the furniture is yellow. The house has yellow beds and yellow couches. What color are the stairs?

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. What invention lets you look right through a wall?

4. I called my dog from the opposite side of the river. The dog crossed the river without getting wet, and without using a bridge, a boat, or a raft. How is that possible?

5. I am higher without a head. What am I?

6. Bella is outside a shop. She can't read the signs, but she knows she needs to go in to make a purchase. What store is she at?

7. A girl throws a ball as hard as she can. It comes back to her, even though nothing and nobody touches it. How?

8. When is "L" greater than "XL"?

9. All 5 sisters are busy. Ann is reading a book, Rose is cooking, Katy is playing chess, and Mary is doing the laundry. What is the 5th sister doing?

10. David's father has three sons: Snap, Crackle and...?



Answers: 1) There are no stairs in a one story house! 2) Grandpa is bald. 3) A window. 4) The river is frozen. 5) A pillow. 6) Eyeglasses shop. 7) She throws the ball up in the air. 8) Roman Numerals. 9) Playing chess. 10) David.



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