



TOMAX
NEWS

Issue 78
29th April 2022

PLUS:



MARKET SUMMARY

- As per the ABF's notice on Seasonal measure for Brown Marmorated Stink Bugs (BMSB), for the 2021-22 BMSB risk season, BMSB seasonal measures will apply to targeted goods manufactured in or 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. Therefore, BMSB season will be ending on the 1st May 2022.
- The strict COVID lockdown continues in many major Chinese cities with many factories and service companies all unable to operate with staff in the workplace. Some factories have been able to locate staff in their workplace for the duration of the lockdown, with staff both living and working in the factories, and thus able to continue operating, but this is an exception rather than the norm. The lockdowns may continue for some time to come.
- International courier services are suffering from severe congestion and prices are beginning to skyrocket. Many shippers are having trouble getting cargo collected and carriers are refusing to operate certain trade-routes, especially via Chinese cities currently under lockdown. Shippers are reverting to airfreight services in many circumstances for even very small quantities of cargo, making the movement of samples and other courier-sized consignments very expensive.
- Tomax Logistics is about to open a new office in another Australian location. Stay tuned for next week's newsletter for more information.

GAZETTE TARIFF CONCESSIONS (TC)

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.

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PORT CONGESTION IN CHINA TO REMAIN HIGH

Port congestion is rebounding in northern Chinese ports and it is not expected to let up for the next several weeks at least, according to analysis from S&P Global Market Intelligence. The port congestion expanded as a result of COVID-19 lockdown measures being extended from Shanghai to more cities in China, including parts of Beijing.

“Moreover, many vessels are trying to find alternative ports since social restrictions in major cities in east China including Shanghai are expected to continue into early May,” a report from S&P Global Market Intelligence said, “this will likely increase congestion in southern ports as well.”

According to Commodities at Sea, S&P Global Market Intelligence, total congestion level at ports of Shanghai has increased by about 30-40% as of 25 April since the start of March, but it is still lower than the peak of last year over the third quarter.

The manufacturing sector in mainland China has also been affected because of the lockdowns and labour shortage, with Chinese import and export growth now reduced from a year-ago level.

Furthermore, vessel capacity arrivals into Chinese ports to load or discharge cargo have decreased by 11% to about 1.15 billion deadweight in the first quarter of 2022 from about 1.28 billion deadweight from the first quarter of 2021.

Since mainland China is exporting less container-related cargo with lockdown measures, freight rates for containers and small bulkers have been softening.

Meanwhile, high demand for exports in mainland China, along with tight container capacity was affecting general bulk cargo flow with a de-containerised trend. Notably, some general cargo which was typically shipped in a container box, including steel, aluminium, fertiliser and bagged cargo, is now being shipped on general cargo ships and small geared bulk vessels.

Additionally, lesser export volumes from mainland China eased congestion on discharging ports, including US container ports. Although, once the COVID-19-related lockdown measures are eased in mainland China, along with seasonal recovery of shipments, the impact may pose another upside risk on port congestion in the discharging port side over the coming peak season.

REVOLUTIONARY INLAND RAIL NETWORK PLAN IN DISCUSSION

Plans to build a 300-acre inland rail network at Bridgewater on Loddon have been discussed by Victorian farmers, in a bid to revolutionise the freight industry. The plan will entail as many as 20 terminals and boost trade in the region whilst establishing itself as the largest inland rail freight and container port in the southern hemisphere.

Colleen Condliffe, former Loddon Shire Councillor and rail freight network employee, is joining forces with farmer, Carly Noble, to work on a feasibility study and financial plan to achieve the goal of creating a privately owned freight hub with shareholders. Condliffe and Noble advised that the freight terminal plane would stretch across 26 industries, enabling domestic and international trade deals and fulfil the dream of establishing a local rail network through Bridgewater on Loddon. Noble said, “we want to upgrade the line, which opens up a line for general passengers and residents to get into Bendigo for shopping or to go to the hospital.”

The pair hope for renewed funding for regional rail networks across the state to bolster the potential of this long term

proposal which includes the development of a five way crossing that could be utilised to connect major road infrastructure networks that enter and exit the area.

Noble and Condliffe welcome everyone to have a say on the proposed inland port to ensure the idea remains as a fair freight network hub, rather than allowing one company to take control of the proposal.

If this idea was launched, the pair believe the areas surrounding Bridgewater and Loddon could experience major growth in the following years. The success of the small freight idea could eventually become a major part of Victoria’s freight rail infrastructure and revolutionise the region. Noble added, “you could also have a huge amount of long-term growth as the regions are going to grow and are already moving out, as seen with COVID-19.”

Fully Loaded. (2022). Two Victorian farmers speak about a revolutionary inland rail network terminal plan. Retrieved from <https://www.fullyloaded.com.au/logistics-news/2204/farmers-release-giant-inland-rail-hub-idea> on 26th April, 2022.





INTRODUCING DRY CONTAINER TRACKING TECHNOLOGY

With an investment of roughly \$250 million in tracking technology for its dry container fleet of 1.6 million boxes, Hapag-Lloyd aims to top competitors with its offer in unmatched premium services. The German-based carrier stated it intended to install Nexxiot and Orbcomm trackers on about 95% of its dry containers by the end of 2023, claiming a level of supply chain visibility for customers unsurpassed by its competitors.

Director of container applications at Hapag-Lloyd, Olaf Habert, said, “there are two main [customer] groups interested in this technology, those with high-value cargo such as computer chips, which are sensitive to security, and volume customers that already have a highly sophisticated supply chain, and the increase in data will allow them to streamline those operations.” Although, he added that a third group could emerge when the system is up and running – which are those who want data on the conditions inside the box which would mean further development of the technology, after the systems are established.

With the technology in place, Hapag-Lloyd customers will be able to receive data in real time on the whereabouts of their freight, at any given time and whatever mode of transport the container is travelling by. The New lot tracking device is riveted to the door, and takes one minute to install.

The Nexxiot and Orbcomm trackers are both small enough to “fit within the profile of the container”- the most protected part of the box. The trackers are battery-operated, use solar energy to recharge, are explosion-safe and durable and can operate in extreme temperatures for more than five years. Furthermore, Nexxiot believes that if a tracker can remain attached to container, it is able to operate for at least 8 years. The trackers send data via mobile phone networks,

when within range and can connect to other sensor devices via Bluetooth to collect essential information including humidity and temperature, if the customer requires this.

While the container is at sea, Hapag-Lloyd will send data via the ship’s own systems, though the tracker can store data for months. Additionally, the data can be downloaded when a mobile network is available, so a customer can see if there were any events on the voyage and see where their freight is.

According to Mr Habert, Hapag-Lloyd began testing trackers on its reefer fleet three years ago in preparation for the move to dry boxes instilling their confidence in achieving a return on the considerable investment by offering premium services over and above track and trace. The tracking systems were tested on reefer containers with the roll-out of these systems in 2019, so the carrier is confident that, despite some damage and losses of trackers, it is likely to be relatively limited.

The new technology will see an improvement in efficiency, which will cut costs and time, but also, crucially, carbon emissions. One service that could be developed is what Mr Habert calls “street turns”, where an importer empties a container and then hands it to an exporter directly, rather than returning the box to a depot. Mr Habert added, “without the data, it is hard to prove that this technology will cut emissions and make more sustainable supply chains, but we believe this greater visibility will allow that.” Moreover with the data, Hapag-Lloyd wants to be able to share the non-commercially sensitive data it collects with partners, including hauliers, railways, ports and terminals and other suppliers. “We will own the data, but that doesn’t mean we can’t share it,” said Mr Habert.

Savvides, N. (2022). Hapag-Lloyd eyes a competitive edge with dry container tracking technology. Retrieved from <https://theloadstar.com/hapag-lloyd-eyes-a-competitive-edge-with-dry-container-tracking-technology/> on 29th April 2022.

ANL ANNOUNCES NEW AUSTRALIAN-CHINA SERVICE

ANL has announced a new service that will connect the Australian ports of Brisbane and Sydney with Shekou and Shanghai.

The A3 Express Loop (A3X) will run with 4200-TEU capacity vessels operating on a 35-day round trip with the first sailing being the Spirit of Hong Kong, departing Shanghai on 31st May.

The A3X service will run in addition to ANL's A3N (which connects Australia with Japan, South Korea, Taiwan and China), A3C (to Australia from central China) and A3S (to Australia from Taiwan, China and Hong Kong) services.

Ackerman, I. (2022). ANL ANNOUNCES AUSTRALIA-CHINA SERVICE. Retrieved from <https://www.thedcn.com.au/news/containers-and-container-shipping/anl-announces-australia-china-service/> on 29th April, 2022.



CARRIERS SET TO RAKE IN \$300 BILLION PROFIT

The first quarter will see ocean carriers set to smash all previous earnings records, given they are on track for a mammoth full-year profit of \$300 billion. However, growth predictions are being reduced due to weaker demand. Despite the booming carrier market, there is an increase in downside risks that could threaten the earnings of the container lines from the second half, according to maritime consultant Drewry.

Today's latest update, ahead of publishing its first quarter results on 4th May, will see Maersk expect to exceed its forecast with Q1 revenue of \$19.3 billion, an EBITDA (earnings before interest, taxes, depreciation and amortisation) of \$9.2 billion and EBIT of \$7.9 billion. The result was driven by a 71% year-on-year increase in its average rate across its liner trades, and was achieved despite a 7% decline in carryings. As a result, Maersk will be upgrading its full year ebitda guidance to \$30bn from \$24bn as its previous forecast was for \$19bn. In 2021, their net profit reached \$18bn, following a \$2.9bn surplus the year prior and advised its earnings guidance for 2022 was "still based on an assumption of normalisation" for its liner business in the second half of the year.

Drewry's senior manager for container research, Simon Heaney, reflected on "how crazy the container market is currently", in a report which included a downgrade of the outlook for world port handling, but sizeable upgrades for freight rates and carrier profits. He said, "over the past two years, the dominant driver of freight rates

and, subsequently carrier profits, have been container system inefficiencies, disruptions and port congestion. These factors we now consider embedded in the market and have simply relegated supply and demand and other cost factors to the margins. Ultimately, carriers' ability to charge customers extremely high freight rates is going to be dictated by the longevity of the liner supply chain bottlenecks, which, sadly, remain highly unpredictable." Drewry added that it is expected its blend of head and backhaul spot and contract freight rates will increase by a further 39% this year, after an increase of 110% in 2021. This would see the cumulative profit for the liner industry hit \$300bn this year, after having recorded an estimated \$214bn profit for 2021.

Nevertheless, Mr. Heaney flagged a growing number of downsides for carriers that could impact their earnings, not least a prolonged war in Ukraine, global inflation and a short-term effect from China's zero-Covid policy. Drewry has downgraded its 2022 container shipping demand outlook from 4.6% to 4.1%, and for 2023 a drop to 2.8% from 3.5%.

However, given the outlook contained in its report had already been impacted by recent events Mr. Heaney stated, "if we were to rerun the numbers today, we would get even lower growth figures."

Wackett, M. (2022). Carriers on course for a \$300bn profit as Maersk hikes guidance by \$6bn. Retrieved from <https://theloadstar.com/carriers-on-course-for-a-300bn-profit-as-maersk-hikes-guidance-by-6bn/> on 26th April, 2022.



STAFF SPOTLIGHT

MEET WARREN STRUTT DRIVER - TOMAX TRANSPORT



What do you do at Tomax?
I am a delivery driver.



How did you spend your long weekend?
I spent some quality time with my grandson and had a great time!

What's next on your bucket list?
Next on my bucket list is for Jane and I to jump in a camper van and just travel.

The most delicious thing you've eaten?
Fresh lobster and abalone - you just can't beat it!

If you could have an unlimited amount of any object, what would it be?
Well, it's got to be money so I can look after my family!

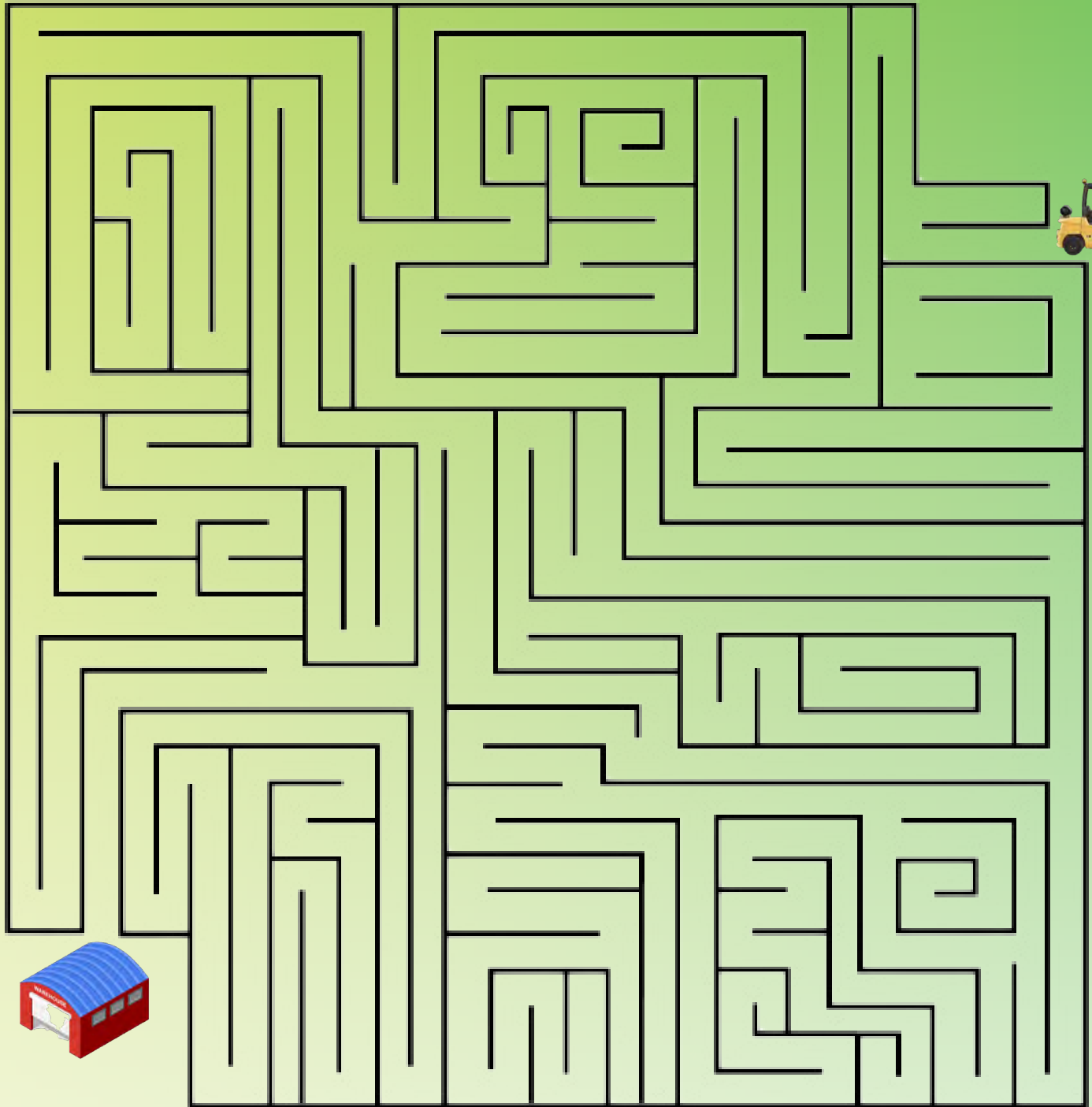
A skill you wished you excelled in?
That's a bit of a hard one! I've done a lot in life so I am just happy with where I am at the moment.

If you could time travel, which decade would you live in?
I'd like to go back to the 70s or 80s where life was a lot more simple.



MAZE CRAZE!

Can you help the forklift reach the warehouse?



Australian HQ
19/202 Ferntree Gully Rd
Clayton VIC 3168

tomax.com.au
1300 186 629
03 9544 4227

