



TOMAX
NEWS

Issue 84
10th June 2022

PLUS:



MARKET SUMMARY

- Join in on the Tomax free training session in Clayton next Tuesday 14th June. The session goes for 5 hours and you will walk away with a comprehensive understanding of the logistics industry, the challenges faced, how to arrange the movement of cargo effectively, efficiently and securely, and a whole lot more!
- Fuel surcharges, wharf fees, tolls fees, and a myriad of other transport charges continue to rise around the country at the same time as increasing congestion hits supply chain activities causing delays and frustrations.
- Will interest rate rises cause the average consumer to consider saving more and spending less? Will this year's peak season on southbound trade-lanes be as hectic as previous years? If you have any thoughts on this we'd love to hear from you via email to info@tomaxgroup.com

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. 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](#)

FREE CLIENT TRAINING DAY

What: FREE Client Training Day
Where: TOMAX HQ CLAYTON
19/202 Ferntree Gully Road
Clayton, VIC 3168
When: Tuesday 14th June 2022
Who: Yourself and/or team!
RSVP: jessica@tomax.com.au
Let us know ASAP as there
are limited places left!

Tomax is pleased to announce that we will be running another training day on Tuesday 14th June for any clients who would like to have staff attend.

Many of the Tomax team will present different modules during the day covering all areas of international and domestic freight, including Incoterms, ocean shipping, customs, quarantine, transport and warehousing. During previous sessions the attendees were able to obtain a lot of information that helped in their day to day work.

If you would like to have any of your team attend this free session please email your interest to **Jessica Kong - jessica@tomax.com.au**.

Note: There are limited places currently available.

See you there!



CHITTAGONG CONTAINER BLAST TRAGEDY



Following Saturday night's catastrophic fire and numerous blasts in a container depot near Chittagong port, the grim death toll has reached at least 44, and is expected to rise further. Located in Sitakunda, Chittagong, the off dock depot BM Container Depot Ltd is a Netherland-Bangladesh joint venture and is home to 16 chemical-laden export containers.

The containers consist of hydrogen peroxide, which may have triggered the blasts after a fire erupted in a container at 9pm on Saturday. Firefighters attended the scene, where small blasts followed thereafter which destroyed scores of containers. According to Chittagong hospital figures, there are over 200 critically injured and suffering from severe burns, with at least 8 firefighters and depot officials amongst those who passed.

Secretary general, Ruhul Amin Sikder, from the Bangladesh Inland Container Depot Association, stated that between 1,000 and 1,300 full containers were burnt or destroyed in the incident, estimating a loss of \$100 million.

After the Beirut blast in August 2020, Bangladesh authorities and Chittagong Port Authority had been urging port users to be cautious when handling dangerous goods, resulting in the port authority destroying a large number of Dangerous Goods (DG)

containers which had been neglected at the port. In the past year, the customs authority destroyed 350 TEU in undelivered goods, of which 77 TEU were carrying DG. Attention was drawn to previous industrial disasters in Bangladesh, such as deadly factory fires and the collapse of the Rana Plaza garment factory building in 2013 which killed more than 1100 people.

Saturday's blast was so powerful the sound could be heard 10 kilometres away from the depot with most of the homes within several kilometres of the area losing their doors and windows.

25 fire-fighting units are working to bring the fire under control and an additional team has been called from Dhaka to assist, said Brigadier General Md Main Uddin. Additionally, army personnel were called to help extinguish the blaze, and check the extent of the damage to the area which may have been caused by chemicals.

On Monday, the Bangladesh Army identified 4 more chemical-laden boxes near the burning containers and removed them to a safe place to avoid further explosions. The presence of hydrogen peroxide has become a major concern for emergency services leading the Chittagong Port Authority (CPA) to clear all 609 drums of hydrogen peroxide through auction on Monday afternoon from the port

yard. These were brought in four years ago by a textile miller, which did not take delivery of the containers. A senior CPA official advised they will clear as many of the chemical-laden boxes as possible from the port yards with the customs authority already taking the necessary preparatory measures.

Alarmingly, Chittagong Port has been storing DGs that are up to 28 years old, as the spotlight turns onto the auction or destruction of the remaining DG. These include nitric acid, sulphuric acid, propionic acid and oxygen supplements, alongside various other chemicals, raising concerns that another serious event could occur. Of the DG containers stored at Chittagong Port, one was found to have been imported in 1994, while the others are at least a decade old. Port officials have admitted the presence of these old containers at the port yard. Bangladesh annually exports more than \$20m worth of hydrogen peroxide to countries such as India, Pakistan, and Vietnam.

Currently, the fire has reportedly now been extinguished, but concerns have turned to the 321 TEU of DG goods in Bangladesh's major facility in Chittagong, as well as 445 tonnes of chemicals and DG goods in various sheds, according to Omar Faruk from the Chittagong Port Authority. The total losses from the devastating fire have not yet been

assessed. However, after extinguishing the fire on Tuesday, at noon, fire-fighters said at least 100 full containers were destroyed during the 61-hour long blaze. Apparel exporters believe some 3.03m pieces from 28 factories were burnt, with a value of some \$11.5m. The account of losses from other exporters has not yet been calculated. Sweden-based retailer H&M, having some 5 million pieces of apparel goods at the depot, has reportedly pledged a full payment to the exporters for its goods that suffered damages. About 7 ships left behind 402 TEU during the 5th and 6th of June, as boxes could not be reached at the port yard during the two-day fire. Despite operations continuing, cargo will be unable to be exported over the next few days while the depot is being cleared.

Bangladeshi Correspondent. (2022). More than 40 dead, hundreds injured in Chittagong container blast. Retrieved from <https://theloadstar.com/more-than-40-dead-hundreds-injured-in-chittagong-container-blast/> on 6th June, 2022.

Bangladeshi Correspondent. (2022). Chittagong port clearing containers of chemicals as depot fire rages. Retrieved from <https://theloadstar.com/chittagong-port-clearing-containers-of-chemicals-as-depot-fire-rages/> on 6th June, 2022.

Bangladeshi Correspondent. (2022). Concerns mount as more, old dangerous goods found at Chittagong port. Retrieved from <https://theloadstar.com/concerns-mount-as-more-old-dangerous-goods-found-at-chittagong-port/> on 8th June, 2022.



SOUTH KOREAN TRUCKERS STRIKE HITS KEY INDUSTRIES

South Korea is counting the economic costs of the fallout from the intensifying truckers' strike, which progresses into day 3, with South Korea's largest port in Busan reporting a steep drop in cargo movements. Unionised truckers, including cement mixers and car-carrying trailers, have ceased work while non-unionised drivers have not shown up for work in fear of reprisals from their trade union colleagues. Shipments were halted in the steel, auto and cement factories as a result of difficulties in moving their cargoes.

More than 20,000 unionised truckers are demanding the extension of the Safe Freight Rates System beyond the original date of 31st December 2022. The Safe Freight Rates System was introduced during the first COVID-19 pandemic in 2020 to guarantee minimum wages and prevent overwork and dangerous driving. The International Transport Workers Federation supports the truckers' demand and is urging the South Korean government to resolve the matter as soon as possible. Major South Korean shippers are suspending their shipments as it is nearly impossible to secure trucks. Busan, the country's busiest container port, witnessed a sharp reduction in throughput, with only 5,418 TEU moving through the port yesterday, down 75% from usual levels. Container storage occupancy stood at 75.2%, which was 5% higher than the May average.

In Ulsan, where Hyundai Motors is headquartered, vehicle production has been hampered due to the failure to receive automobile parts. Hyundai Motors subsidiary, Kia Motors, sought government approval to

allow employees to drive completed cars (without licence plates) from its Gwangju plant so that vehicles could be moved to other depots, as car carrier trailers are not available.

The country's two largest steelmakers, POSCO and Hyundai Steel, are experiencing delays in the transportation of a total of 70,500 tonnes of steel products. POSCO is delaying the trucking of 30,500 tonnes of steel products and semi-finished products and is looking at activating more warehouse space to store goods. Meanwhile, after facing disruptions, Hyundai Steel has completely suspended the daily trucking of 40,000 tonnes of products.

Cement producers saw their inventories accumulate due to the impossibility of moving their products, while construction companies found themselves in short supply as they were unable to receive products. The construction association in Jeju Island warned that if the strike continues into next week, projects will have to be put on hold. Gangwon province saw cement producers storing their cement in silos, although this is only a temporary solution as cement is vulnerable to moisture.

Police are intervening only to stop any criminal activities during the strike. 15 people were arrested in Incheon for blocking trucks from entering a plant operated by South Korea's largest beverage company, while a few arrests were made in Busan after protestors obstructed non-protestors from working.

Li, M. (2022). Busan sees steep decline in volumes as truckers' strike hits key industries. Retrieved from <https://theloadstar.com/busan-sees-steep-decline-in-volumes-as-truckers-strike-hits-key-industries/> on 9th June, 2022.



CARBON TAX CONCERNS AMONG SHIPPERS



The Global Shippers Forum (GSF) has voiced concern that the International Maritime Organisation's upcoming carbon tax discussions will put a strain on freight costs for shippers, at a rate higher than their current record levels. The Marine Environment Protection Committee's (MEPC) upcoming meeting will see carbon tax on the agenda, as it addresses environmental challenges under the remit of the IMO.

According to the GSF, the MEPC intends to discuss a proposal put forward by the shipping industry to introduce a carbon tax on bunker fuel. GSF said, "this is intended to incentivise a switch to lower carbon emitting fuel options and could eventually double the current price of tradition bunker fuels." The potential development would occur under the Initial IMO Strategy on the reduction of GHG emissions from ships, which aims to reduce the carbon intensity of international shipping. The initial strategy is expected to come into effect next year. GSF urged regulators to ensure the potential for shipping lines to remove older tonnage from the market is not used as "a disguised means for capacity management resulting in higher freight rates".

James Hookham, GSF director, suggested the shipping industry has an efficient mechanism for passing through higher fuel costs in the

form of bunker adjustment factors. He said, "shippers will be forgiven for thinking that the proposal, and its consideration at the IMO will inevitably result in still higher freight rates. There are few reassurances in the existing proposals that a carbon tax won't just be passed through as an added cost for shippers." Mr Hookham believes the shipping industry needs to insulate its customers from their inflationary effects if it is serious about market-based mechanisms as a route to decarbonisation, "otherwise, emissions will be reduced by suppressing demand for world trade rather than by incentivising the step-changes in fuels and propulsion technology so urgently required," he said.

GSF urged members on the MEPC to consider the interests of "those who constitute the drivers of international trade" and insist any carbon tax mechanism be fully transparent with exposure to scrutiny. Mr Hookam added, "the MEPC needs to think through the realities of the shipping market and avoid simplified comparisons with experiences in other sectors of their economies."

Williams, A. (2022). SHIPPERS CONCERNED BY CARBON TAX AHEAD OF IMO DECARBONISATION TALKS. Retrieved from <https://www.thedcn.com.au/news/containers-and-container-shipping/shippers-concerned-by-carbon-tax-ahead-of-imo-decarbonisation-talks/> on 9th June, 2022.

SHANGHAI LOCKDOWN ENDS BUT NORMALITY YET TO BE REACHED

A photograph of the Shanghai skyline at sunset, featuring the Oriental Pearl Tower and the Jin Mao Tower, reflected in the water of the Huangpu River.

Despite the Shanghai lockdown being officially over, forwarders have warned that 'business as usual' remains a long way off for China's biggest container port hub, in light of the ongoing restrictions and the inevitable supply chain hangover from two months of hard lockdown.

Although residents are able to move freely around the city, they must have a negative 72-hour COVID test to access offices, public places and transport. Manufacturers can now operate without the need of special permits and being hampered by closed-loop conditions.

Experts assert the city's reopening would not be "the same as turning on the lights" and believe "it will take weeks, if not months, to come back to anything considered as normal for the industrial output volumes, and then the shipping container volumes." Shanghai would remain a "high risk area, with limitations and controls for trucks to get in and out of the city," thereby keeping a cap on available trucking capacity, which has been the biggest logistical challenge throughout the crisis.

Ocean carrier schedules will gradually return to normal in June, "however with all factories re-opened, we expect volumes will also increase gradually, especially from the middle of June onward." As for airfreight, "export volume will build up very quickly, and the market will become very dynamic in June." Indeed, common sentiment has been that a sudden influx of cargo would flood the market post-lockdown, as factories play a game of production catch-up.

Maximilian Butek, chief representative at Delegation of German Industry and Commerce

in Shanghai, noted, "for the value chains to be fully restored to a pre-lockdown level, it will still take some more weeks for sure. We can also expect increased congestion on the port, as with the weeks coming, all companies want to ship their goods out as well as receive their goods, all at the same time. Uncertainty remains high as no one knows if this could repeat any time, as soon as a new wave hits China."

Furthermore, the latest Shanghai port data indicated that the throughput decreased over the past week, with the 14-day average ocean shipment volume down 17% compared to 12 March, when the lockdown began. Another expert added, "when Shanghai shut down, other Chinese ports picked up some of that volume. It is unlikely that there is a massive backlog of cargo waiting to depart and, instead, we will see a quick spike in volume, but it will quickly return to normal levels. Already, companies [in the west] have been carrying extra inventory to brace for ongoing and future disruptions. As publicly traded companies release quarterly earnings, this will be noticeable within their inventory costs for Q2. Order volumes will have a longer lag than usual, given this approach to have more inventory on hand now to fulfil orders that will occur in the near term. This is driven by Shanghai, inflation, the US west coast labour agreement and companies getting into peak summer seasons."

Whelan, S. (2022). Shanghai lockdown is over, but don't expect 'business as usual', warn forwarders. Retrieved from <https://theloadstar.com/shanghai-lockdown-is-over-but-dont-expect-business-as-usual-warn-forwarders/> on 10th June, 2022.

STAFF SPOTLIGHT

JUSTIN TE MOANANUI DRIVER TOMAX TRANSPORT

What do you do at Tomax?

I am a HR Truck Driver who does deliveries across NSW to QLD.

What are your hobbies/interests?

Training, Gym and Crossfit.

Favourite childhood memory?

When I became taller, stronger and bigger than my older brother because he stopped picking on me! My older brother is now the shortest in the family and we never let him forget it!

Do you follow any sports?

NRL - Brisbane Broncos.

Next holiday destination on the list?

Japan.

Your proudest moment?

Seeing the excitement and smiles on my kids' faces whenever they achieve or do something.

If you could transform into an object, what would you be?

American Bald Eagle.

BONUS - do you cut a sandwich in half diagonally or vertically?

Both - depends on how I'm feeling and what's in the sandwich. No crust!



Justin and his wife, Casey.

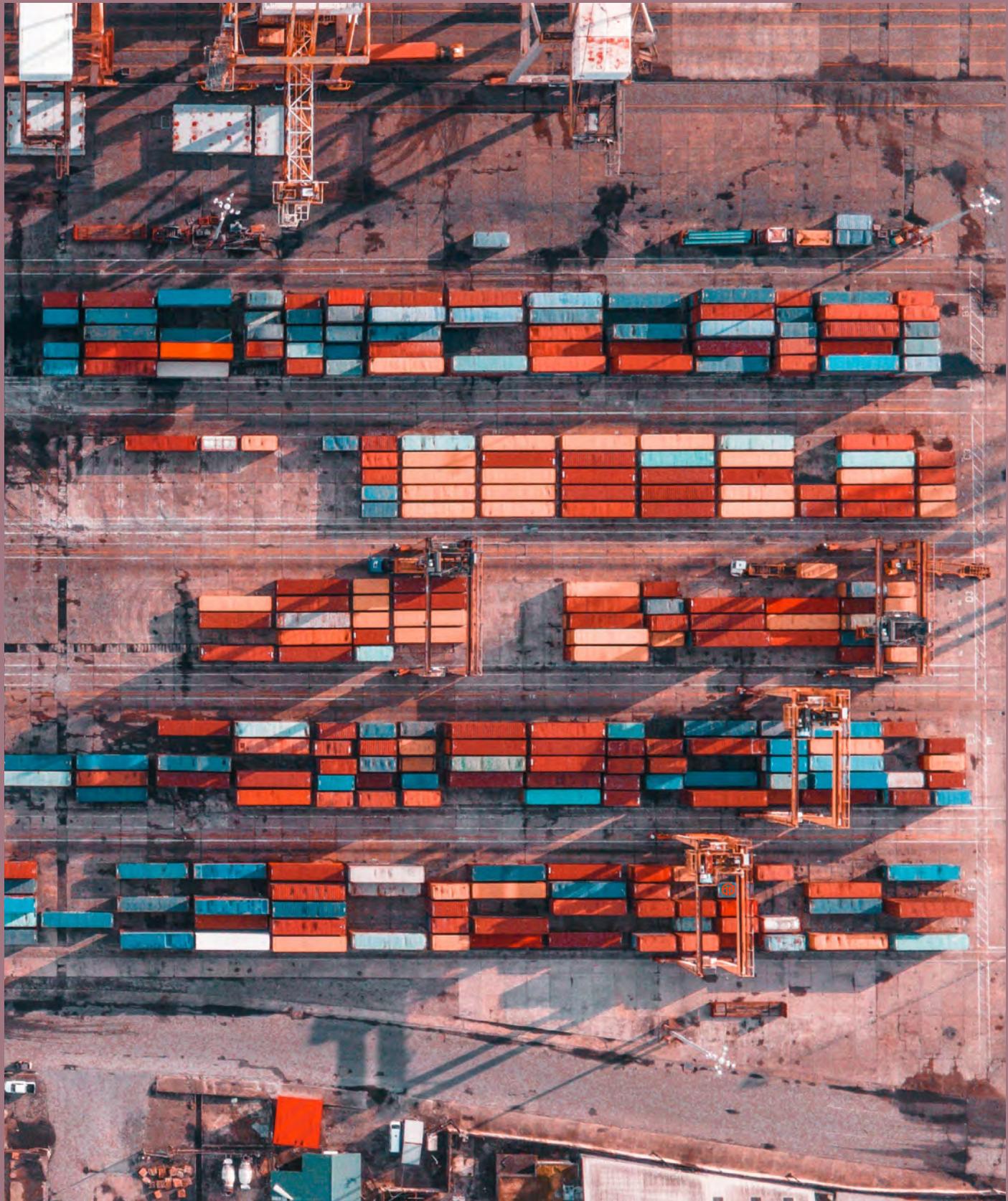


Justin and his 10 year old daughter, Ataria.



FIND THE TOMAX LOGO

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



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