



TOMAX  
NEWS

**Issue 104**  
**4<sup>th</sup> November 2022**

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**PLUS:**



# TARIFF CONCESSIONS GAZETTE (TC)

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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](#)



## LITHIUM-ION BATTERY: A HUGE SAFETY THREAT

**T**he failure of lithium-ion batteries poses a bigger safety threat to the maritime supply chain than the industry realises, according to a recent report.

Issued by insurers, TT Club and UK P&I Club, and scientific consultant, Brookes Bell, the Lithium Batteries whitepaper highlights the risks of transporting the batteries by sea. With the demand for “green power” on a range of products including mobile phones and electronic vehicles increasing, insurers are preparing for the rapid rise in producing and transporting lithium-ion batteries over the next few years. However, authors of the whitepaper believe the maritime supply chain is hugely unaware of the hazards and potentially catastrophic consequences of battery failure at sea.

Peregrine Storrs-Fox, TT Club risk management director believes the industry needs to recognise the hazards. Mr Storrs-Fox said, “recently, serious and sometimes catastrophic incidents involving lithium-ion batteries have become more commonplace, with fires reported in all modes of transport – ocean, air and land – as well as in warehouses and where such consignments are at rest.” February this year saw damaging flames break out on Felicity Ace, a ro-ro vessel carrying around 4000 cars. Reuters reported some of the vehicles were made with lithium-ion batteries, making the blaze extremely difficult to extinguish and causing the ship to eventually sink.

Stuart Edmonston, UK P&I Club loss prevention director, emphasised the damage ship fires can cause, advising that, “the consequences of battery failure and the resultant thermal runaway must be clearly

understood and the correct procedures for handling them adhered to throughout their lifespan.”

Thermal runaway occurs when heat generated by the battery reaches a level where it becomes self-sustaining, resulting in a rapid temperature rise that is difficult to stop. Thermal runaway can be caused by heat, impact, crushing, penetration, overcharge and defects and can result in explosion, fire or release of smoke and gas. Mr Edmonston added, “the dangers can exist no matter the status of the battery; charged, semi-charged, used, second-hand or scrap, and whether present in devices and vehicles or packaged separately.”

Additionally, the whitepaper outlines risk prevention measures such as correct classification and declaration of lithium-ion batteries, safe packaging, mandatory labelling, uniformity of testing regulations and appropriate storage prior to transporting batteries. Current firefighting provisions and recommended changes are also discussed. The whitepaper is relevant for industries which transport and manufacture lithium-ion batteries and those who enter the goods into the supply chain.

Karwei So, Brookes Bell managing scientist, believes, “while increased industry awareness is crucial and technology to monitor and restrict fires is advancing, the increased capacities of batteries and the expected rise in trade volumes means regulations are potentially not fit for purpose, having been slow to catch up.”

Williams, A. (2022). INDUSTRY UNDERESTIMATES DANGER OF LITHIUM-ION BATTERIES, INSURERS SAY. Retrieved from <https://www.thedcn.com.au/news/law-regulation-trade/industry-underestimates-danger-of-lithium-ion-batteries-insurers-say/> on 3rd November, 2022.

# BIOSECURITY ALERTS & CHANGES THIS WEEK

Please note the following Biosecurity updates for this week:

## REMOVAL OF A PERMIT REQUIREMENT FOR MANGO FROM THAILAND

### Effective from 1 November 2022

The requirement for an import permit for fresh mango fruit grown in Thailand for human consumption has been removed. Importers will no longer need to apply or present a permit on arrival to import mango from Thailand. There are no associated costs with this change.

### Who does this notice affect:

Importers of fresh mango from Thailand for human consumption, approved arrangements, freight forwarders, brokers, and Pathway Operations Cargo – Assessment and Inspection.

### This Change applies to the following Cases:

Fresh mango for human consumption



## REMOVAL OF A PERMIT REQUIREMENT FOR LONGAN FROM VIETNAM

### Effective from 1 November 2022

The requirement for an import permit for fresh longan fruit grown in Viet Nam for human consumption has been removed. Importers will no longer need to apply or present a permit on arrival to import longan from Vietnam. There are no associated costs with this change.

### Who does this notice affect:

Importers of fresh longan from Vietnam for human consumption, approved arrangements, freight forwarders, brokers, and Pathway Operations Cargo – Assessment and Inspection.

### This Change applies to the following Cases:

Fresh longan for human consumption



## IMPORT CONDITION CHANGE FOR PET FISH FOOD CONTAINING SALMONID MATERIAL

### Effective from 31 October 2022

The department has finalised a review of the BICON case for fish and fish products for use as pet food and stockfeed. As a result of the review some changes have been made.

### These changes include:

- Simplifying the BICON pathway.
- Pathway for goods containing salmonid material are no longer required to adhere to a restricted level of salmonid material in a product.
- The Standard permit for Pet fish food containing up to 2% salmonid material has been changed to Pet fish food containing salmonid material.
- The requirement for official government certification attesting the salmonid material be treated with a moist heat of 100°C for at least 30 minutes has been changed to a moist heat of 85°C for 25 minutes.

### Who does this notice affect:

All importers of Pet fish food; Pathway Operations Cargo - Assessments; Client Contact Group.

### Further information:

Please contact the Animal and Biological Imports Branch on 1800 900 090 or email [imports@agriculture.gov.au](mailto:imports@agriculture.gov.au)

### This Change applies to the following Cases:

Pet fish food





# GLOBAL CONTAINER NUMBERS EXPECTED TO DROP SIGNIFICANTLY

**T**he war in Ukraine; sharp rises in global energy and food prices; and increasing rates of inflation continue to have a negative impact on the container shipping industry, as highlighted in Drewry's recently published Container Equipment Forecaster. According to the report, the trading outlook for 2023 is deteriorating even further.

Given the easing of the supply chain, the removal of surplus equipment accumulated in the fleet over the past two years can now take place. As a result, the fleet of container equipment in service is forecast to drop by 3% in 2023. With the slowing down of container shipping cargo demand, Drewry has downgraded its projections to reflect this. These factors result in fewer shipping containers being required, at a time when surpluses of over 6 million TEU are estimated to be in the fleet, according to the report.

This stems from the record number of new containers delivered last year, when more than 7 million TEU was produced and lessors and ocean carriers avoided retiring older boxes due to congestion issues. Ageing containers are now being sold into the secondary market at an accelerating pace, due to ocean carriers addressing overcapacity by organising their container pools so that they are brought back in line with current demand and vessel capacity projections.

Since summer, there has been an increase in equipment being off-hired and returned to lessors as shipping lines have not renewed and/or extended their contracts. This will take place into 2023 with lessors streamlining their fleets accordingly. Drewry said, "lessors are also being impacted by decisions of ocean carriers to directly own more of their equipment. Year-to-date, close to 70% of dry freight containers delivered have been

for the accounts of transport operators, a total reversal in the trend of the past decade when lessors dominated the orderbook. With factory stockpiles of empty containers in China rising to more than 750,000 TEU by the end of September and likely to increase further, the appetite to order new containers is extremely weak. Orders placed for 4Q22 deliveries are reported to be very low with several factories in China still closed after the national holidays in early October and others cutting their working shifts. These new working patterns are expected to remain in place until after the Chinese New Year (January 23, 2023)."

Drewry forecasts that production will drop significantly in 2023 as few owners are expected to expand their fleets and not every container being retired will be replaced with a new one. Globally, the pool of equipment in service will decline from 50.8 million TEU in 2022 to 49.3 million TEU in 2023 and production slump to an estimated 497,000 TEU, a figure only slightly above that recorded in 2009, after the global financial crisis. The 3% projected decline in next year's global fleet will represent the first such contraction since 2009, some 14 years previously.

After, Drewry predicts the market to rally and annual newbuild output to recover to the 4.4 million to 5.2 million TEU range over the period to 2026, with replacement requirements accounting for over 50% of production in all years. And after that 3% decline in the fleet in 2023, the global pool of equipment is forecast to start expanding again, returning to trend growth.

Ackerman, I. (2022). GLOBAL CONTAINER NUMBERS TO DECLINE FOR FIRST TIME IN 14 YEARS: DREWRY. Retrieved from <https://www.thedcn.com.au/news/containers-and-container-shipping/global-container-numbers-to-decline-for-first-time-in-14-years-drewry/> on 4th November, 2022.

# MAERSK'S PEAK RECORD PROFITS

In a new record, Maersk has achieved a staggering net profit of \$8.9 billion in Q3, believing it to be the “peak in its extraordinary earnings” before they are impacted by lower freight rates and high operating costs. Maersk’s consolidated revenue leaped by 37% during the third quarter, year on year, to \$22 billion, which includes \$18 billion of the total being contributed by its liner business. The nine-month period ebit came in at \$26 billion and Maersk has confirmed its estimated full-year ebit of roughly \$31 billion, which reflects a downturn in profitability during the last quarter. Across Maersk’s liner network, Q3 liftings were down 7.6% year on year to 6 million TEU, however a 38% revenue surge was supported by a 42% uplift in its average rate to \$2,523 per TEU.

According to Maersk, “loaded volumes were adversely affected by weakening demand, in particular on Asia-Europe and transpacific markets, and operational challenges.”

CEO of Maersk, Soren Skou added, “none of us can escape the reality” of the abrupt market downturn. He argued that, “volumes can’t be conjured out of thin air” and acknowledged that Maersk contracts had “performed well on rates, but not so well on volumes”.

Regarding 2023 contracts, Mr Skou said, “we are having an honest dialogue with our customers,” but said he expected a similar portfolio of contracted customers next year – “or even higher” than the 70% of its long-haul business currently carried under

contract. “Our contract customers are equally interested in having a long-term commitment with us as they were in 2021 and 2022, so there is no change in that,” said Mr Skou, “obviously we are negotiating contracts in a different environment than a year ago, so I think it is a fair assumption that we will see lower rates in the contracts.”

“But we have to be crystal clear with our strategy,” added Mr Skou, “our strategy is not to gain market share in ocean, it is to gain a share of our customers’ logistics spend.” He said it was “important to have good volumes and a competitive network, but it’s not the half percentage point in market share that’s going to get us very excited”. He claimed Maersk was “well on the way towards a significant market position in the logistics industry and, at some point – in this decade, probably the middle of the decade – we expect our logistics revenue to surpass that of the ocean”.

The turnover from Maersk’s logistics and services sector came in at \$4.2bn for the quarter, compared to \$2.6 billion in the previous year, primarily driven by added revenue from acquisitions and higher volumes from its core of top 200 liner clients. As a result, the ebit was \$258m for the quarter, versus the \$194m achieved the year before.

Meanwhile, container throughput for its terminal business increased by 1.5%, to 3.3 million TEU, for revenue of \$1.1 billion, compared to \$1 billion in the previous year. Furthermore, higher storage income in Europe mitigated a decrease in storage income in the US for the terminal sector, as congestion eased. Maersk stated, “while rising inflation and high energy prices put pressure on the cost base, results remain healthy as terminal tariffs have been increased accordingly.”

Wackett, M. (2022). Another record profit for Maersk – but ‘we are past the earnings peak’. Retrieved from <https://theloadstar.com/another-record-profit-for-maersk-but-we-are-past-the-earnings-peak/> on 4th November, 2022.

# STAFF SPOTLIGHT



## DAMIEN VAN TRIER GROUP HUMAN RESOURCES & COMPLIANCE MANAGER TOMAX LOGISTICS GROUP

### What is your role at Tomax?

Group Human Resources & Compliance Manager – new role focused on supporting staff with all things HR and Compliance related.

### What are your hobbies/interests?

Watching sport, travel, musical theatre, day/weekend trips in the great state of Victoria, listening to my Spotify playlists and spending time with family and friends.

### Who are your favourite sports teams?

Melbourne Storm & Collingwood Magpies – who else would you follow???

### Are you a traveller? Which destinations have you been to or wish to go to?

Love to travel and have been on some great holidays within Australia since COVID lockdowns ended. For anyone wanting to see the best of Australia I would recommend The Whitsundays, especially Hamilton Island. (Background image: the amazing Catseye Beach in Hamilton Island). Planning to travel to

Europe for the first time in late 2023 – London, Paris, Amsterdam (including never met relatives in the Netherlands). Then up to Norway finishing with a bucket list wish to see the Northern lights in Tromso (in the Arctic Circle).

### Do you have any hidden or not-so-hidden talents?

I am a great Lego assembler – more kits than the creative side of things, with my best piece being a 1.1 metre long, 4,800 piece Star Wars Imperial Star Destroyer that took about 18 hours to build. I also believe I am a Karaoke hero...some of my friends may disagree!!!

### Are there any short term or long term goals you wish to achieve?

Short term goal – get to know as much about the Tomax family, who does what and what can HR & Compliance do to support them.

Long term goal – ensure the right policies and procedures are in place to support our business and most importantly, our people.

### If you could have an unlimited amount of any object, what would it be and why?

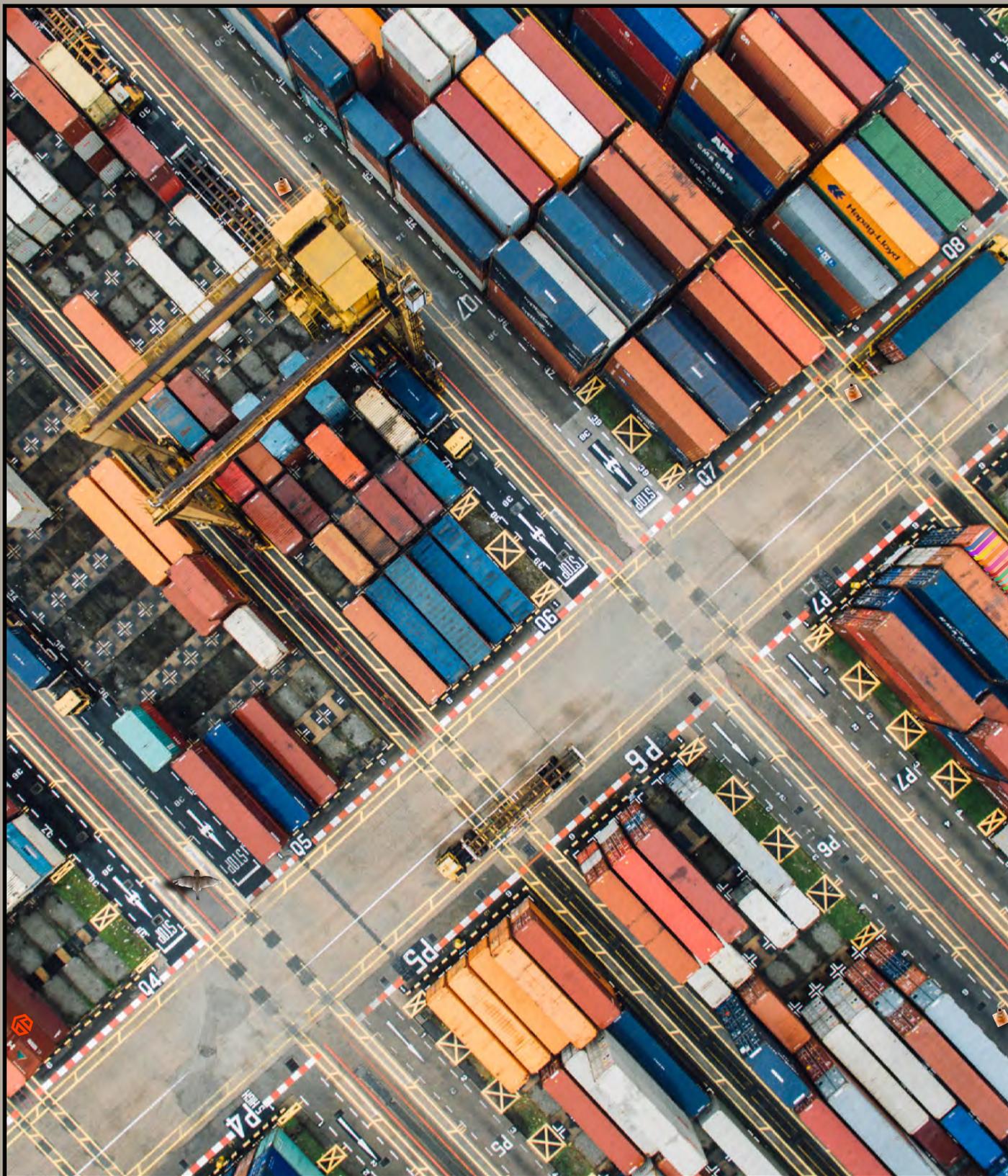
Qantas Frequent Flyer Points – unlimited travel in Business Class would be just fine!!

# SCAVENGER HUNT



See if you can find the following hidden in the image below:

- Tomax logo    Rainbow shipping container    3 Road cones    Bird



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