



TOMAX
NEWS

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PLUS:



MARKET SUMMARY

- The national rail transport provider for containers, Pacific National, has announced a 6.03% increase in their rate tariff to be implemented from 1st October 2023. The increase is said to be due to investment in infrastructure and service improvements.
- There has been a rise recently in the number of damaged containers being released by overseas empty depots to shippers. Damage may exist on the exterior or interior of a container, so it is vitally important that shippers are carefully checking the container for any pre-existing damage and that it is reported to the freight forwarder prior to cargo loading. Shipping lines will not accept claims of pre-existing damage

unless attention is drawn to the issue in advance of container loading or shipping. For importers, please remind your suppliers to advise on any damage they discover prior to loading a container. For exporters, if you identify any damage please let your Tomax account manager know at the time of discovery so any necessary action can be discussed with the associated shipping line.

- Please be reminded that shipping lines servicing the China-Australia trade-lane have announced a GRI to be applied from 15th September. Shipping lines continue to restrict available space in order to create “artificial” backlogs to put pressure on shippers to accept higher rates.

TARIFF CONCESSIONS GAZETTE (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. When a new TCO is made, it is published in the Gazette by the Australian Border Force. The weekly Tomax Client Newsletter will contain a link to the latest Gazette document so that you can stay updated.

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LNG COMPLEX WORKERS PREPARE FOR INDUSTRIAL ACTION

Employees at two liquefied natural gas (LNG) complexes have announced their intention to engage in industrial action, scheduled to commence next week.

The two facilities, Wheatstone and Gorgon, collectively contribute to 5% of the total global LNG production capacity.

The Offshore Alliance, a coalition comprising the Australian Maritime Union and the Australian Workers' Union, has declared that its members will initiate industrial action starting from September 7th. This move is a result of an ongoing dispute over compensation and working conditions.

In a recent official statement, Chevron stated its commitment to ensuring the continuity of safe and dependable operations in the event of any disruption at the facilities.

“While we hold the view that resorting to industrial action is not essential for achieving

a resolution, we acknowledge the employees' entitlement to partake in safeguarded industrial actions,” the corporation expressed.

As per media coverage of the situation, the intensity of the industrial action is expected to escalate progressively following its commencement on the upcoming Thursday.

Daily Cargo News. (2023). CHEVRON LNG WORKERS GIVE NOTICE OF INDUSTRIAL ACTION. Retrieved from <https://www.thedcn.com.au/news/staffing-crewing-and-training/chevron-lng-workers-give-notice-of-industrial-action/> on 30th August, 2023.



EUROPEAN AIR CARGO HUBS FACE SLOW RECOVERY

Air cargo activity in several of Europe's major hubs continues to fall short of levels seen before the pandemic, highlighting a stagnant or slow recovery in the market.

At Europe's largest air cargo hub, Frankfurt (FRA), airfreight and airmail throughput in the past month exceeded July 2022 levels by 2.3%, totaling 164,503 tonnes. However, this increase is largely attributed to measures taken to reduce freighter capacity in the previous year. Fraport, the airport operator, mentioned that the figure was notably lower than the average July volume over the years, which stands at about 178,000 tonnes.

The rise in passenger flights and the discontinuation of 'preighter' services led to a significant cargo increase on passenger aircraft in July (+19.7%), reaching approximately 93% of the belly load volume seen in July 2019. In terms of the ratio between cargo transported on freighter and passenger flights, it remained at 60:40, similar to the pre-pandemic 2019 period. Tonnage carried on freighter aircraft increased by 2.9% compared to July 2022 but was down by 8.7% compared to 2019.

A spokesperson for Fraport acknowledged the impact of the ongoing economic slowdown on the entire industry, including the air cargo sector. Despite growth in passenger traffic and its effects on belly cargo capacity, the spokesperson noted that 2023 poses challenges due to personnel shortages and operational limitations resulting from factors like airspace closures.

The return of air cargo volumes to pre-pandemic levels at FRA depends on the speed of the economic recovery, but the spokesperson expressed uncertainty about predicting when this might occur given the existing influencing factors.

In Amsterdam Schiphol (AMS), cargo throughput for last month was 113,537 tonnes, slightly lower than the 120,131 tonnes recorded in July 2022. Although there was a modest recovery in volumes to and from Asia (+2.1%), other regions, particularly North America, exhibited negative growth compared to July last year.

London Heathrow (LHR) handled 114,887 tonnes of cargo in the past month, a slight increase from the 110,044 tonnes in July 2022, but still lower than the 130,589 tonnes recorded in July 2019.

Leipzig/Halle Airport (LEJ) reported cargo volumes of around 114,600 tonnes in July, which is 9% less than July 2022. A spokesperson attributed this decline to the global economic slowdown. For the period from January to July, LEJ handled approximately 802,303 tonnes, a 10% decrease from the same period in 2022, but an increase compared to the 714,000 tonnes handled between January and July 2019.

Todd, S. (2023). Air cargo through Europe's major hubs still short of pre-pandemic levels. Retrieved from <https://theloadstar.com/air-cargo-through-europes-major-hubs-still-short-of-pre-pandemic-levels/> on 30th August, 2023.



OCEAN CARRIERS RAMP UP BLANKING BEFORE GOLDEN WEEK

As China's national Golden Week holiday approaches, ocean carriers are belatedly intensifying their efforts to implement blanking programs, signalling the imminent onset of the slack season. MSC recently announced that due to diminished demand, it will suspend its standalone Asia-North Europe Swan loop for six consecutive weeks, spanning from week 37 to week 42 in mid-October.

MSC's adjustments extend to its Asia-Mediterranean Dragon service, with the cancellation of three successive sailings in weeks 39, 40, and 41. Notably, the Swan schedule underwent rotation changes last week, introducing modifications like an additional call at Felixstowe in North Europe while removing certain Asian ports from the rotation.

Although the revamped Swan service is scheduled for the week 36 sailing, commencing from Ningbo, China on September 7th aboard the 4,931 TEU MSC Mirella, recent challenges stem from weak cargo demand throughout July and August. This prompted MSC to deploy smaller vessels and eliminate sailings, exemplified by the 14,036 TEU MSC Deila's last three voided sailings. This vessel was redeployed to the Far East-Middle East New Falcon loop.

Surprisingly, MSC's decision to blank three consecutive sailings of the Asia-Mediterranean Dragon loop, due to softened demand, has

raised eyebrows given the trade's previous resilience. Despite establishing a stronger booking position and elevated spot rates than the Asia to North Europe route, additional capacity injections have negatively impacted the trade.

The Ningbo Containerised Freight Index (NCFI) commentary corroborates this trend, indicating carriers for both North Europe and the Mediterranean have undersold their space to attract more orders. This strategy led to a decline in spot rates for both trades.

Amidst these developments, consulting firm Sea-Intelligence suggests carriers have been slow to adjust their capacity in preparation for China's national holiday. CEO Alan Murphy highlighted the time-sensitive nature of the situation, with Golden Week merely five weeks away. Presently, scheduled capacity reductions for the trans-pacific trade during the Golden Week period are only 3%, contrasting with an average of 10% in the years from 2017 to 2019.

Furthermore, the tepid peak season demand may necessitate more extensive blank sailings than those seen between 2017 and 2019, creating additional pressure on carriers' blank sailing strategies in October.

Wackett, M. (2023). MSC blanks Swan and Dragon loops ahead of Golden Week holiday. Retrieved from <https://theloadstar.com/msc-blanks-swan-and-dragon-loops-ahead-of-golden-week-holiday/> on 30th August, 2023.



CHINA'S CONTAINER FREIGHT FUTURES EXHIBIT STRONG START

China's Containerised Freight Index Futures witnessed robust trading activity during its inaugural week, even as spot Asia-North Europe freight rates underwent significant fluctuations, erasing most of the gains accumulated in the preceding month.

Market data from the Shanghai International Energy Exchange indicated that forwarders, financial entities, and commodities traders were the most active participants in the busy trading environment.

According to Linerlytica, the futures market exhibited a state of "backwardation," with most futures trading below the settled prices of the Shanghai Containerised Freight Index (spot index) at 1,039.

Average daily trading volumes reached a substantial \$2 billion, surpassing the physical market's size on the Asia-North Europe route. Open interest in the futures market steadily increased to 28,900 lots, amounting to \$177 million at the closing price on Friday.

Despite the activity in the futures market, spot rates to North Europe continued to decline, with carriers relinquishing the gains generated by General Rate Increases (GRIs) implemented since July. The addition of 10% newbuild capacity deliveries in August compared to July, coupled with limited capacity management efforts by mainline operators, contributed to the market's challenges.

Container shipping futures have garnered substantial interest in China due to the country's heavy reliance on shipping for exports and imports. With container shipping transitioning from a positive cycle to pre-COVID levels over the past few years, shippers and liner operators have sought to mitigate risks by engaging in hedging strategies.

Li, M. (2023). Strong trading interest in China's new container freight futures. Retrieved from <https://theloadstar.com/strong-trading-interest-in-chinas-new-container-freight-futures/> on 30th August, 2023.

AUSTRALIA INITIATES REVIEW OF NATIONAL FREIGHT AND SUPPLY CHAIN STRATEGY

The National Freight and Supply Chain Strategy review commenced this August after receiving approval from state and territory infrastructure and transport ministers.

The core objective of the Strategy is to establish a comprehensive, coordinated, and multi-modal approach to enhance the safety, productivity, and resilience of freight and supply chains. This collaborative effort among all jurisdictions outlines a roadmap for governmental and industry initiatives across various freight modes up to 2040 and beyond.

The statement from the office of Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government, emphasised the pivotal role of Australia's supply chains in driving economic prosperity and fostering connections between urban centres and regions.

Responding to industry calls, infrastructure and transport ministers from across Australia initiated the first review of the Strategy. This evaluation aims to ensure the Strategy remains relevant for the Australian freight and supply chain sector, which has encountered substantial disruptions over the past few

years due to factors like the global pandemic, extreme weather events, geopolitical tensions, and skill shortages.

The review will evaluate the Strategy's goals, assess potential gaps, and outline priorities for the next five-year National Action Plan. Stakeholder engagement will play a crucial role in identifying these gaps and priorities. The review process will involve consultations with stakeholders and consideration of public submissions. A roundtable discussion is planned to solicit input from industry participants on strengthening the Strategy.

Led by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, the review will closely collaborate with industry representatives, as well as state and territory governments. The ministers are set to review the recommendations stemming from the review by the end of this year.

Cranswick, E. (2023). National Freight and Supply Chain Strategy review underway. Retrieved from <https://mhdsupplychain.com.au/2023/08/31/national-freight-and-supply-chain-strategy-review-underway/> on 31st August, 2023.



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