



TOMAX
NEWS

Issue 150
27th October 2023



PLUS:

MARKET SUMMARY

- Shipping lines are attempting to drive up ocean freight rates in November via their standard measures of introducing GRIs at the same time as blanking some sailings. Rates are expected to spike momentarily in November before settling again. There has been some speculation that rates could climb towards USD 2,000 per 40' from China ports to East Coast Australia, but market analysts are not backing those claims. As always time will tell, and the Tomax team will continue to work on behalf of clients to push rates down as low as possible.

- Vessel delays, vessel delays, and more vessel delays. That's pretty much the news of the moment as the container shipping trade suffers delays from backlogs, congestions, and industrial action. Some vessels are being delayed for more than 7 days whilst waiting to get a terminal berth, especially at the heavily impacted DP World terminals on Australia's eastern seaboard. The delays are expected to continue for many weeks yet and are impacting many clients desperately waiting to get their urgent cargo.

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.

[CLICK TO VIEW LATEST GAZETTE](#)



LATEST NEWS

DP WORLD INDUSTRIAL ACTION

Please see below the notices of protected industrial action next week:

DP WORLD SYDNEY

FROM MONDAY 30 OCTOBER (0600 HOURS)

- BANS BEGIN FOR:

- Stoppages of work of one hour duration commencing at 0500, 1300, and 2100 each day

MONDAY 30 OCTOBER AT 1300 AND FINISHING ON UNTIL MONDAY 06 NOVEMBER AT 0600 HOURS:

- Any work on ships for 8 hours after berthing
- Attending work when called past usual notification time
- Overtime
- Shift extensions
- Advanced or delayed starts
- Delayed or advanced meal breaks
- Work on subcontracted vessels
- Fixed Salary Employees (FSEs) not working as per specific rosters
- Performance of grade 7 work as described in the Stevedoring Industry Award 2020
- Performance of work outside of roster panel assigned on 4 September 2023
- Performance of work while any other employee whose employment will be covered by the proposed enterprise agreement is engaged in a rest period
- Performance of upgrades on dayshift only

FRIDAY 27 OCTOBER AT 0600 AND FINISHING ON SATURDAY 28 OCTOBER AT 0600 - BANS INCLUDE:

- Loading or unloading trucks and trains (receival and delivery of containers)

FRIDAY 3 NOVEMBER AT 0600 AND FINISHING ON SATURDAY 4 NOVEMBER AT 0600 - BANS INCLUDE:

- Loading or unloading trucks and trains (receival and delivery of containers)

MONDAY 30 OCTOBER AT 0600 - BANS INCLUDE:

- Stoppage of work of 24 hours duration

DP WORLD MELBOURNE

FROM MONDAY 30 OCTOBER (0600 HOURS)

- BANS BEGIN FOR:

- Stoppages of work of 2 hours duration commencing at 0400, 1200, and 2000 each day starting from Monday 30 October at 1200 and finishing on until Monday 6 November at 0600 hours
- Any work on ships for 8 hours after berthing
- Attending work when called past usual notification time
- Overtime
- Shift extensions
- Advanced or delayed starts
- Delayed or advanced meal breaks
- Work on subcontracted vessels
- Fixed Salary Employees (FSEs) not working as per specific rosters
- Performance of grade 7 work as described in the Stevedoring Industry Award 2020
- Performance of work outside of roster panel assigned on 4 September 2023
- Performance of work while any other employee whose employment will be covered by the proposed enterprise agreement is engaged in a rest period
- Attending for work when rostered to a four hour shift other than for the purposes of training or meetings

MONDAY 30 OCTOBER AT 02200 AND FINISHING ON TUESDAY 31 OCTOBER AT 0600 - BANS INCLUDE:

- Performance of upgrades

WEDNESDAY 1 NOVEMBER AT 02200 AND FINISHING ON THURSDAY 2 NOVEMBER AT 0600 - BANS INCLUDE:

- Performance of upgrades

FRIDAY 3 NOVEMBER AT 02200 AND FINISHING ON SATURDAY 4 NOVEMBER AT 0600 - BANS INCLUDE:

- Performance of upgrades

SUNDAY 5 NOVEMBER AT 02200 AND FINISHING ON MONDAY 6 NOVEMBER AT 0600 - BANS INCLUDE:

- Performance of upgrades

DP WORLD BRISBANE

FROM MONDAY 30 OCTOBER -
BANS BEGIN FOR:

- Stoppages of work of 2 hours duration commencing at 0500, 1300, and 2100 each day starting from Monday 30 October at 1300 and finishing on Saturday 04 November at 0700 hours

FROM MONDAY 30 OCTOBER (0700 HOURS)
- BANS BEGIN FOR:

- Any work on ships for 8 hours after berthing
- Attending work when called past usual notification time
- Overtime
- Shift extensions
- Advanced or delayed starts
- Delayed or advanced meal breaks
- Work on subcontracted vessels
- Fixed Salary Employees (FSEs) not working as per specific rosters
- Performance of grade 7 work as described in the Stevedoring Industry Award 2020
- Performance of work outside of roster panel assigned on 4 September 2023
- Performance of work while any other employee whose employment will be covered by the proposed enterprise agreement is engaged in a rest period
- Attending for work when rostered to a four hour shift other than for the purposes of training or meetings

FRIDAY 3 NOVEMBER AT 0700 AND
FINISHING ON SATURDAY 4 NOVEMBER AT
0700 - BANS INCLUDE:

- Loading or unloading trucks and trains (receival and delivery of containers)

DP WORLD FREMANTLE

FROM MONDAY 30 OCTOBER (0600 HOURS)
- BANS BEGIN FOR:

- Stoppages of work of 2 hours duration commencing at 0400, 1200, and 2000 each day starting from Monday 30 October at 1200 and finishing on until Monday 06 November at 0600 hours
- Any work on ships for 8 hours after berthing
- Attending work when called past usual notification time
- Overtime
- Shift extensions
- Advanced or delayed starts
- Delayed or advanced meal breaks
- Work on subcontracted vessels
- Fixed Salary Employees (FSEs) not working as per specific rosters
- Performance of grade 7 work as described in the Stevedoring Industry Award 2020
- Performance of work outside of roster panel assigned on 4 September 2023
- Performance of work while any other employee whose employment will be covered by the proposed enterprise agreement is engaged in a rest period
- Performance of upgrades on dayshift only

FRIDAY 3 NOVEMBER AT 0600 AND
FINISHING ON SATURDAY 4 NOVEMBER AT
0600 - BANS INCLUDE:

- Loading or unloading trucks and trains (receival and delivery of containers)





GLOOMY FORECAST FOR CONTAINER SHIPPING IN 2024

Drewry's latest container shipping forecast paints a gloomy picture for the industry, anticipating a collective loss of \$15 billion next year. Senior Manager of Container Research at Drewry, Simon Heaney, delivered a pessimistic outlook for the liner industry, predicting a 60% reduction in global freight rates, encompassing both spot and contract rates, for this year, followed by a 33% drop in 2024. Heaney emphasises that this challenge won't be confined to 2024 but is expected to persist in the years to come.

Carriers are poised to grapple with an unrelenting struggle to maintain rates above their operational costs. Heaney asserts that as the cash drain becomes more severe, carriers will respond with increasingly drastic measures, which will inevitably impact the industry.

The persistently low freight rates are a clear reflection of the stark disparity between supply and demand. Drewry's global supply-to-demand index is anticipated to reach an all-time low, with a projected 6.4% increase in supply compared to a mere 2% growth in demand for the following year.

Heaney argues that carriers have been slow to address the capacity issue, leaving few viable options to restore equilibrium. The potential solutions, including vessel demolitions, widespread slow-steaming, delayed delivery of new vessels, idling more vessels, and blanking sailings, are seen as insufficient to rectify the situation.

Even with an optimistic perspective, achieving a balanced market seems highly improbable. Heaney observes that carriers are struggling to retire older vessels promptly, which puts added pressure on the industry. This year, demolitions are estimated at just 115,000 TEU, with a predicted significant increase to 600,000 TEU next year.

In the grand scheme, carriers are expected to post an EBIT profit of \$20 billion for 2023. However, this is expected to be followed by a \$15 billion loss in the subsequent year, as freight rates continue their downward trend. Heaney also downplays the significance of the expected repeal of the Container Balance Exchange Rate (CBER) next year, suggesting that its impact will be minimal, leading to short-term legal uncertainties. He believes that the primary threats to the industry are geopolitical issues and unforeseen 'black swan' risks, such as extreme climate events.

Unlike previous years where decreases in port throughput rebounded swiftly, Drewry predicts that the years ahead will not see such a rapid recovery. They liken the period from 2022 to 2023 as a "long hangover" resulting from an excessive investment in new tonnage. This, in turn, has created a lingering void in the container market, which is expected to persist even as the global economy continues to grow. This highlights the vanishing correlation between GDP and container volumes.

Goldstone, C. (2023). Gloomy outlook for container shipping - and not just for 2024. Retrieved from <https://theloadstar.com/gloomy-outlook-for-container-shipping-and-not-just-for-2024/> on 24th October, 2023.



US TRUCKING INDUSTRY FACES ONGOING CHALLENGES

The collapse of Yellow Freight, the third-largest operator in the US less-than-truckload sector, made headlines far beyond the industry, but the turmoil is far from over for the truckload segment.

Over the past year, numerous trucking companies have closed their doors due to reduced demand, rising costs, and a surplus of capacity that has pushed rates lower. While some hoped for a market turnaround, recent weeks have shown that the downward trend persists.

According to a study by the US Federal Reserve, freight activity and demand saw a decline between late August and early October. Excess capacity, weak exports, and fewer energy product shipments are cited as contributing factors. August brought a perfect storm of surging fuel costs and weak demand, described as the toughest market conditions since the early days of the pandemic. The FTR Trucking Conditions Index, which plummeted from -5.34 in July to -12.54 in August, revealed that small operators were hit hardest by rising diesel costs, as they are less likely to benefit from fuel surcharges.

The road has grown increasingly difficult month by month. Last year, trucker revenues increased by 7%, but costs surged by 22%, according to Freight 360. Many independent operators who started their businesses during the pandemic purchased trucks at inflated prices, making it challenging to sustain interest payments. With trucking rates

continuing to plummet, many providers are operating at a loss to maintain revenue. As such, more freight carriers are predicted to exit the market as diesel prices continue to rise.

Smaller operators are particularly vulnerable, says Paul Costello, chief economist of the American Trucking Associations. He expects more truckers to be forced out due to a weak peak season, aligning with predictions in the Cowen/AFS Freight Index. This suggests that market conditions for trucking companies will remain challenging into the first quarter of the following year, with no significant improvements in capacity utilisation, freight rates, or demand.

Avery Vise, FTR's VP of trucking, remarks that in the absence of a surge in demand, the reduction in the number of truckers should eventually absorb the excess capacity. However, this has been hindered as many operators who closed their businesses have joined larger firms.

Surviving truckers facing a tepid peak season in the coming year may continue to endure challenges. The lopsided capacity situation may not find equilibrium until the end of the following year, with ongoing exits from the trucking industry leading to tighter capacity in certain markets.

Putsger, I. (2023). More casualties expected, with US trucking on a 'road of pain'. Retrieved from <https://theloadstar.com/more-casualties-expected-with-us-trucking-on-a-road-of-pain/> on 26th October, 2023.



AMAZON TRIALS HUMANOID ROBOT ‘DIGIT’ IN WAREHOUSES

This week, Amazon initiated trials of a humanoid robot known as “Digit” in its warehouses, sparking interest surrounding the integration of humanoids into logistics. Manufactured by Agility Robotics, Digit is a bipedal robot capable of grasping and lifting objects. Digit stands at 175 cm tall and can lift and carry objects weighing up to 16 kg. Initially, it will be tasked with moving empty tote boxes as Amazon explores innovative ways to automate its warehouse operations.

Warehousing presents an ideal environment for humanoid robots, offering a blend of repetitive and menial tasks while accommodating the variety and non-standardisation of handled items. For companies managing fulfilment centres with a diverse product mix and fluctuating demand, humanoid robots offer a flexible solution to address the ongoing labour and skills shortages in the logistics industry. For instance, these robots can be seamlessly introduced into the workforce during seasonal demand spikes without necessitating substantial operational changes, a departure from other automated technologies that require extensive adjustments to warehouse workflows.

One potential early application for humanoid robots lies in trailer unloading, a task characterised by its simplicity, repetitiveness, and physical demands. Unlike many robotic solutions, humanoid robots possess the advantage of adaptability, allowing them to handle multiple tasks within a facility rather than being confined to a single process or workflow.

However, the widespread adoption of humanoid robots in warehouses won't transpire overnight. Pilot projects often take several months or even years to reach fruition. While there is significant demand for robotics solutions in the logistics sector, driven by severe labour and skills shortages and volatile demand, the extensive use of humanoid robots in warehouses is plausible but not guaranteed. We may discover that other robotics technologies are better suited to specific tasks and encounter fewer ethical concerns, particularly related to perceived job displacement.

Amazon's decision to test Digit in its warehouses has sparked concerns about potential job displacement due to automation. In response to these concerns, Amazon has advised that the deployment of robotic

systems has resulted in the creation of hundreds of thousands of new jobs across various skill categories, which did not exist within the company previously, by replacing the most tedious and repetitive tasks.

Tye Brady, Chief Technologist at Amazon Robotics, reiterated that this move does not signify job cuts at Amazon, as humans are irreplaceable due to their ability to think critically and diagnose problems. The warehousing sector, especially in the U.S., has been grappling with critical labour and skills shortages in recent years. A survey by MHI and Deloitte earlier this year revealed that hiring and retaining qualified workers, as well as talent shortages, were the top challenges for supply chain leaders in the U.S. Many of them are planning to invest in robotics and automation to address these issues in the near future.

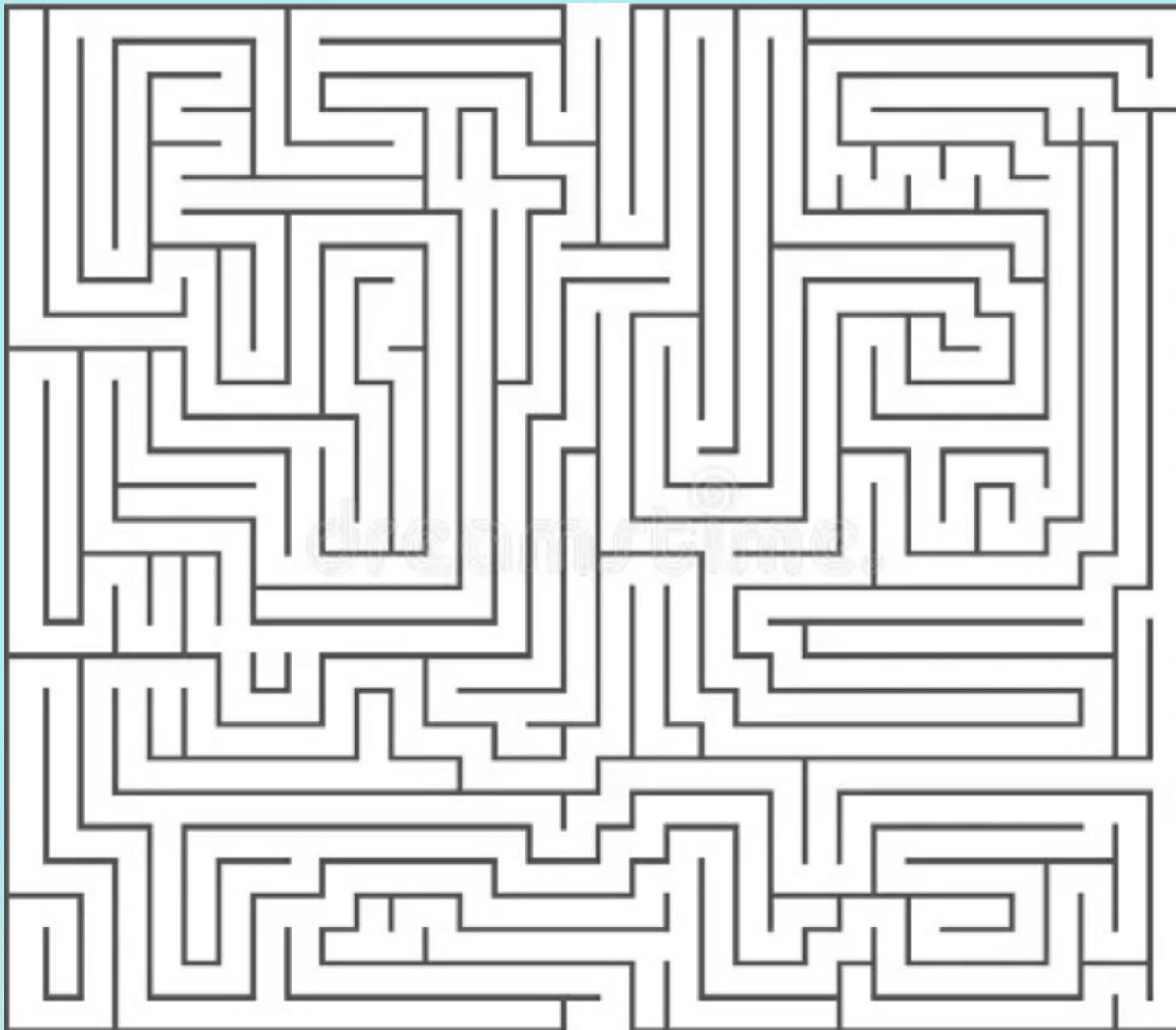
While the introduction of humanoid robots in the warehousing sector is a reality, it has prompted discussions about the potential impact on the human workforce and the speed at which these robots will become commonplace in fulfilment centres. However, it's essential to understand that Digit, despite its bipedal design and lifting capabilities, is far from the advanced sentient robots depicted in science fiction. In practical terms, Digit is tailored for warehouse automation, prioritising increased throughput and addressing skills and labour gaps over replicating human thought and movement complexities.

Sharma, A. (2023). Humanoids getting their feet wet in logistics. Retrieved from <https://www.thebotreport.com/humanoids-getting-their-feet-wet-in-logistics/> on 25th October, 2023.



MAZE CRAZE!

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