



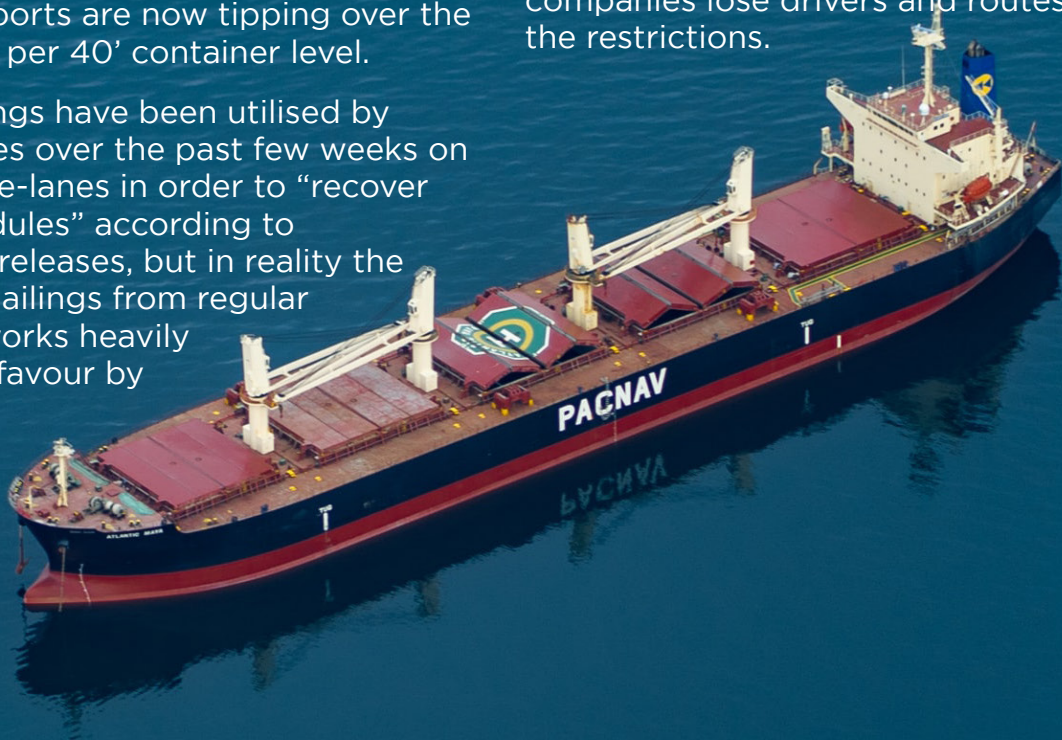
TOMAX
NEWS

Issue 45
27th August 2021

PLUS:

MARKET SUMMARY

- The number of ships at anchor, waiting for berth space to open up at America's two largest container ports has hit a new record today with more than 40 ships now forming queues further and further away from the terminals at Los Angeles and Long Beach. The average wait time for a berth is now 8 days after arriving at anchor.
- Ocean freight rates from China to Australia are set to rise again in September with increases announced for the 1st and 15th September already. Rates from some ports are now tipping over the USD 10,000 per 40' container level.
- Blank sailings have been utilised by shipping lines over the past few weeks on various trade-lanes in order to "recover vessel schedules" according to their media releases, but in reality the removal of sailings from regular schedules works heavily in the line's favour by building up backlogs and demand for space, assisting them to implement price increases.
- Airfreight rates from China to Australia are rising again with reduced options for cargo flights into Australia. Most importers are having to utilise deferred service options as the number of direct flights from key origins drop.
- The various COVID outbreaks and border closures are wreaking havoc with interstate transport providers as many companies lose drivers and routes to the restrictions.



LATEST NEWS

THE SHIPPING CRISIS IS GETTING WORSE - HERE'S WHAT THAT MEANS FOR HOLIDAY SHOPPING

The vast network of ports, container vessels and trucking companies that moves goods around the world is badly tangled, and the cost of shipping is skyrocketing. That's troubling news for retailers and holiday shoppers.

More than 18 months into the pandemic, the disruption to global supply chains is getting worse, spurring shortages of consumer products and making it more expensive for companies to ship goods where they're needed. Unresolved snags, and the emergence of new problems including the Delta variant, mean shoppers are likely to face higher prices and fewer choices this holiday season. Companies such as Adidas, Crocs and Hasbro are already warning of disruptions as they prepare for the crucial year-end period.

The latest obstacle is in China, where a terminal at the Ningbo-Zhoushan Port south of Shanghai has been shut since August 11 after a dock worker tested positive for Covid-19. Major international shipping lines, including Maersk, Hapag-Lloyd and CMA CGM have adjusted schedules to avoid the port and are warning customers of delays. The partial closure of the world's third busiest container port is disrupting other ports in China, stretching supply chains that were already suffering from recent problems at Yantian port, ongoing container shortages, coronavirus-related factory shutdowns in Vietnam and the lingering effects of the Suez Canal blockage in March.

Shipping companies expect the global crunch to continue. That's massively increasing the cost of moving cargo and could add to the upward pressure on consumer prices. "We currently expect the market situation only to ease in the first quarter of 2022 at the earliest," Hapag-Lloyd chief executive Rolf Habben Jansen said in a recent statement. The chances of your vessel arriving on time are about 40%, when it was 80% this time last year."

The cost of shipping goods from China to North America, Europe and Australia has continued to climb over the past few months, following a spike earlier in the year, according to data from Drewry Shipping. The company's World Container Index shows that the composite cost of shipping a 40-foot container on eight major routes hit USD 9,613 in the week to August 19, up 360% from a year ago. "The current historically high freight rates are caused by the fact that there is unmet demand," Soren Skou, CEO of container shipping giant Maersk, said on an earnings call this month. "There's simply not enough capacity," he added.

The terminal shutdown in Ningbo will add to bottlenecks arising from the closure in June of Yantian, a port about 50 miles north of Hong Kong, after coronavirus infections were detected among dock workers. While a partial reopening of Yantian took only a few days, a return to normal services took nearly a month to achieve, as the congestion spilled over to other ports. That spells trouble for retailers and consumer goods companies trying to restock inventories heading into the crucial year-end holiday shopping season. The closure at Ningbo is now particularly sensitive as it may hold up exports for the peak season of deliveries which typically arrive from September through November.

Drewry Shipping said Friday that congestion at nearby ports Shanghai and Hong Kong is "spiking" and spreading elsewhere in Asia, as well as in Europe and North America, "particularly the West coast" of the United States.

Some 36 container ships are anchored off the adjacent ports of Los Angeles and Long Beach, according to a report Thursday from the Marine Exchange of Southern California. That's the highest number since February, when 40 container ships were waiting to enter. Ordinarily, there would be just one or zero container ships at anchor, according to

the Marine Exchange. The backlog at ports will have a ripple effect on jammed warehouses and stretched road and rail capacity. Logistics networks have been running at maximum capacity for months, thanks to stimulus-fueled demand led by global consumers and a pickup in manufacturing. Truck driver shortages in the United States and Europe have only exacerbated supply disruptions.

US imports in March and May exceeded levels seen in October 2020, typically the peak of the shipping season. It's not just ports that are under pressure. Air terminals are receiving increasingly large amounts of freight as companies turn to alternative methods to transport their goods. At some of the larger US airports such as Chicago, there are delays of up to two weeks to claim cargo. Efforts to contain Covid-19 outbreaks have recently disrupted traffic at Shanghai Pudong and Nanjing airports in China.

Supply chains were discussed on nearly two thirds of some 7,000 company earnings calls globally in July, up from 59% in the same month last year. Consumer goods producers are taking drastic steps to meet demand — such as changing where products are made and moving them by plane instead of boat — but companies such as shoemaker Steve Madden say they're already missing out on sales because they simply don't have enough goods. The company has moved half the production of its women's range to Mexico and Brazil from China in an attempt to shorten delivery times. "In terms of the supply chain ... we could talk about this all day. There are challenges throughout the globe," Steve Madden CEO Edward Rosenfeld said on an earnings call last month. "There is port congestion, both in the US and China. There are Covid outbreaks at factories. There are challenges getting containers. We could go on and on."

It's one of several major apparel brands hit by factory shutdowns in Vietnam over the past month. Nearly 40% of the volume of

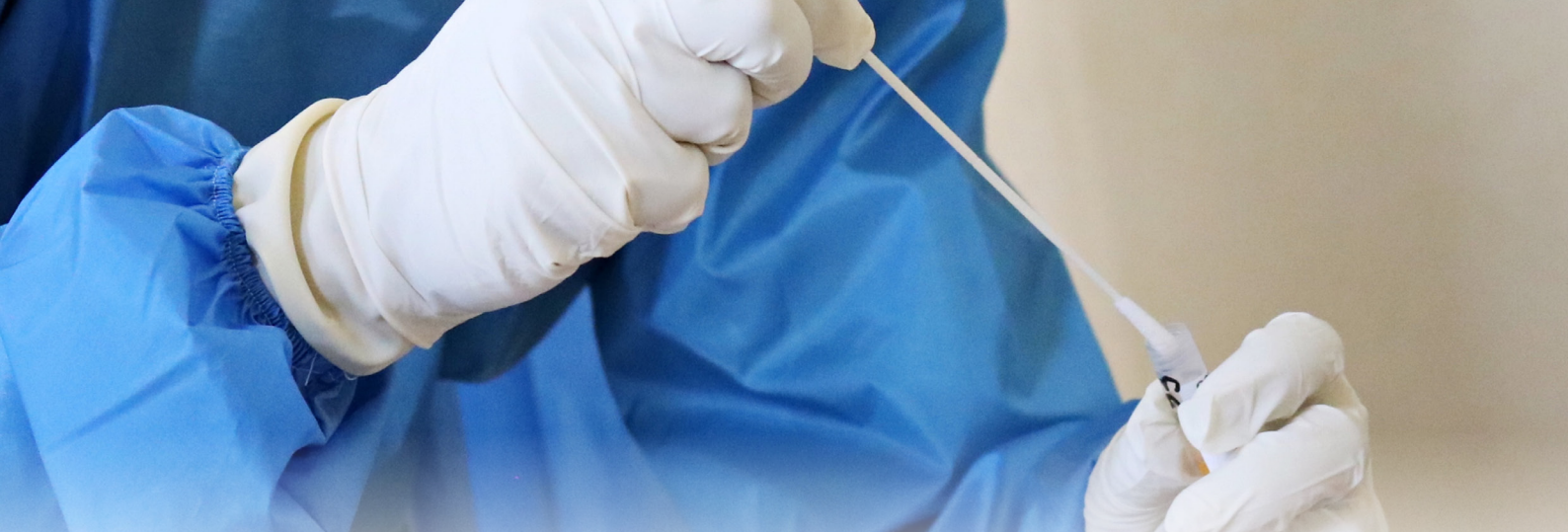
goods imported into the United States by sea over the 12 months to July came from the Southeast Asian country. Adidas CEO Kasper Rorsted said the sportswear company will be unable to fully meet the "strong demand" for its products in the second half of the year due to the shutdowns, despite switching production to other regions. Supply chain difficulties have been "leading to significant delays and additional logistics costs, particularly as we have been making more use of airfreight," he said on a recent earnings call.

Andrew Rees, the CEO of Crocs, said that transit times from Asia to most of the company's leading markets are approximately double what they were historically. "That's been the case for some time, and we're expecting to live with that," he told investors last month.

The same stories are repeated for the Australian market where importers have raced to import cargo to beat rising freight prices and reduce the risk of delays to having Christmas stock on hand. To ensure product availability during the holiday season, Hasbro, which makes Monopoly and My Little Pony, said it is increasing the number of ocean carriers it works with, utilizing more ports to expedite deliveries and sourcing more products earlier from multiple countries. For consumers, the supply chain crunch is likely to mean higher prices. Hasbro, for example, is increasing prices to offset rising freight and commodities costs. The company is projecting that its ocean freight expenses will be on average 4 times higher this year than last, according to chief financial officer Deborah Thomas. Shoppers should also brace for longer than normal delivery times and may need to have several different gift ideas up their sleeves. Many experts are forecasting shelves will be empty well and truly before the traditional Christmas rush.

Ziady, H. (2021). The shipping crisis is getting worse. Here's what that means for holiday shopping. Retrieved from <https://edition.cnn.com/2021/08/23/business/global-supply-chains-christmas-shipping/index.html> on 24th August, 2021.





INDUSTRY BELIEVE REVISED FREIGHT MOVEMENT PROTOCOL ISN'T ENOUGH

A revised National Freight Movement Code and Protocol was announced by the government to streamline COVID-19 testing for freight workers, early this week.

In the revised protocol, freight workers crossing state and territory borders must have a negative COVID-19 test result in a rolling seven-day period. Although, in some cases, depending on requirements in South Australia, Victoria and Western Australia, workers may need to be tested more frequently.

For many weeks, a group of state and national transport industry associations has been pushing for the Commonwealth to formally declare the road freight industry as an essential service while in a state of emergency, and to implement a unified national framework governing the requirements for transport workers who are required to cross state and territory borders to perform work related duties.

Along with this essential service designation, the group has requested that the Therapeutic Goods Administration approve rapid antigen testing for freight drivers so that a self-administered COVID test could complement a weekly pathology test at a registered lab.

The group also requested states and territories agree to a uniform set of rules and regulations on COVID testing for the industry to eliminate confusion due to discrepancies between jurisdictions.

“Freight workers can be required to test from anywhere between once, twice or three times a week depending on their destinations, which can be personally very intrusive and, for some, a cause of chronic nasal bleeds from repeated

skin trauma. While the National Cabinet meeting was successful to the extent that it was agreed that freight workers crossing state and territory borders must have a negative COVID test result in a rolling seven-day period, the discussion was a missed opportunity to compel states and territories to uniformly do this. In the updated protocol, there is no requirement for jurisdictions to implement what was agreed at the National Cabinet, which will see states and territories continue to write their own rules when it comes to COVID testing for freight drivers,” the group said in a statement.

Practically, this means South Australia and Victoria can continue to seek, respectively, negative COVID tests every two or three days, which exceeds the rolling seven-day average stipulated in the protocol.

“On the issue of rapid antigen testing – which we have been requesting be approved as a complement to once-weekly lab testing – National Cabinet’s recognition of it means nothing until health authorities formally approve what is a reliable and faster form of testing,” the group said, “Jurisdictions would then need to sign off on it, requiring yet another level of red-tape and bureaucracy before rapid self-testing can be administered by drivers. While we appreciate the spirit and intent of the Freight Movement Protocol, it is reasonable to question the point of the document when there is no requirement for signatories to uniformly implement its directives.”

Wallace, P. (2021). Industry says freight protocol doesn't go far enough. Retrieved from <https://www.thedcn.com.au/news/law-regulation-trade/industry-says-freight-protocol-doesnt-go-far-enough/> on 26th August, 2021.



A FUTURE WITH CARBON-NEUTRAL METHANOL SHIPS

Shipping Line, Maersk, will introduce the first of 8 large ocean-going container vessels which have the ability of being operated on carbon neutral methanol, in early 2024. Hyundai Heavy Industries (HHI) will be building the vessels which have a nominal capacity of roughly 16,000 TEU. The agreement with HHI includes the option for 4 extra vessels in 2025. These will likely replace the older existing vessels which will in turn generate annual carbon dioxide emissions savings of an estimated one million tonnes.

Maersk says, “as an industry first, the vessels will offer Maersk customers truly carbon neutral transportation at scale on the high seas.” The new vessels are welcomed as part of Maersk’s continuous fleet renewal program, replacing tonnage of more than 150,000 TEU which is reaching end-of-life and leaving the Maersk managed fleet between 2020 and Q1 2024.

A key motivator of Maersk’s decarbonisation efforts is the demand from more than half of its 200 largest clientele for carbon neutral transport. Amazon, Unilever and others have pledged to actively use and scale zero carbon solutions for their ocean transport with many more predicted to follow suit. Maersk C.E.O., Søren Skou, said, “the time to act is now, if we are to solve shipping’s climate challenge. This order proves that carbon neutral solutions are available today across container vessel segments and that Maersk stands committed to the growing number of our customers who look to decarbonise their supply chains. Further, this is a firm signal to fuel producers that sizable market demand for the green fuels of the future is emerging at speed.”

Maersk will operate the vessels on carbon neutral e-methanol or sustainable bio-methanol very soon. Sourcing enough carbon neutral methanol from day one in service will be challenging, as it requires a significant production ramp up of proper carbon neutral methanol production and Maersk striving to engage in partnerships and collaborations with relevant players. The vessels will be designed to contain a flexible operational profile, enabling them to perform efficiently across many trades, and add flexibility for customer needs. They will also feature a methanol propulsion configuration. The vessels will consist of a dual fuel setup. Additional capital expenditure for the dual fuel capability, which enables operation on methanol as well as conventional low sulphur fuel, will be in the range of 10-15% of the total price.

Henriette Hallberg Thygesen, CEO, fleet and strategic brands, Maersk said, “We are very excited about this addition to our fleet, which will offer our customers unique access to carbon neutral transport on the high seas while balancing their needs for competitive slot costs and flexible operations. To us, this is the ideal large vessel type to enable sustainable, global trade on the high seas in the coming decades and from our dialogue with potential suppliers, we are confident we will manage to source the carbon neutral methanol needed.”

Wallace, P (2021). Shipping lines invests in carbon-neutral methanol ships. Retrieved from <https://www.thedcn.com.au/news/containers-and-container-shipping/shipping-line-invests-in-carbon-neutral-methanol-ships/> on 25th August, 2021.

ARMED ROBBERY AGAINST SHIPS AT MANILA ANCHORAGE AREAS



A total of 8 incidents of armed robbery against ships at Manila Anchorage areas in the Philippines from January to August 2021 has been reported by the ReCAAP Information Sharing Centre.

The most recent three incidents in July and August saw the perpetrators armed with guns/knives and exhibited violence to the crew. In all incidents, significant quantities of ship stores were stolen.

The ReCAAP ISC is concerned with the ongoing occurrence of incidents and the increased level of violence at South Harbour Anchorage Area of Manila. "Ship masters and crew are strongly advised to exercise vigilance, maintain constant look-out for suspicious boats and report all incidents immediately to the local authorities. It is also very important for the crew not to engage in a confrontation with the perpetrators," ReCAAP ISC said.

Ship masters are advised to immediately report all incidents to the local authorities.

Wallace, P. (2021). Alert issued for armed robbery against ships at Manila anchorage areas. Retrieved from <https://www.thedcn.com.au/news/law-regulation-trade/alert-issued-for-armed-robbery-against-ships-at-manila-anchorage-areas/> on 26th August, 2021.



MAERSK CAPTAIN ARRESTED FOLLOWING CABLE DAMAGE

Following an investigation into a damaged subsea cable off the coast this month, the master of the 8,845 TEU Maersk Surabaya has been arrested by the Australian Federal Police (AFP).

The master, a Ukrainian aged 59 years, has been detained in Melbourne after charges were made against him for damaging a section of the cable, roughly 10km off the coast of Perth. Police received allegations on 3rd August of a ship which had damaged the cable with a hefty A\$1.5m (US \$1.07m) worth of repairs. Claims were made that Maersk Surabaya was anchored close to the cable protection zone, and as the vessel dragged its anchor in heavy weather, it snagged the cable which was located 20 metres deep.

Charges were pressed on 11th August after AFP investigators seized vessel logs when the ship docked in Melbourne. The master is charged with “engaging in negligent conduct as the master of a maritime vessel, which resulted in damage to the Australian Singapore cable, contrary to section 37 of 3A of the Telecommunications Act 1997.” If convicted, he may be slapped with a \$40,000 fine and a maximum sentence of 3 years in prison. He was granted conditional bail and is in Covid hotel quarantine.

“The protection zone is clearly marked on maritime charts and all vessel masters

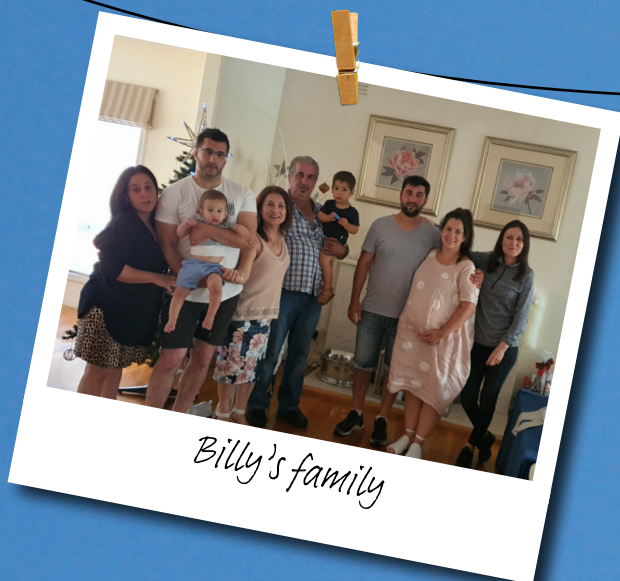
should ensure vessels operate in a manner which does not interfere with critical communications infrastructure,” said AFP Det Supt Graeme Marshall.

Maersk said: “We have been notified by local authorities that the captain of the Maersk Surabaya was interviewed by the Australian Federal Police in Melbourne in connection with an incident in which the vessel may have unintentionally caused damage to a subsea communication cable. We are working with the vessel owner and fully co-operating with the relevant Australian authorities in the investigation.”

The ship has been at the Fremantle anchorage sheltering from the bad weather conditions from 31st July until the 2nd August after which had continued its voyage, adding, “we were subsequently notified by [the] Fremantle harbourmaster on 4 August that the vessel may have potentially caused damage to a subsea communication cable. Maersk Surabaya is a chartered vessel and managed by Zodiac Maritime. It has a nominal capacity of 8,400 teu. It sails under the flag of Liberia on Maersk’s Cobra service (between Australia and South Asia hubs).”

Savvides, N. (2021). Australian police arrest Maersk Captain after damage to undersea cable. Retrieved from <https://theloadstar.com/australian-police-arrest-maersk-captain-after-damage-to-undersea-cable/> on 27th August, 2021.

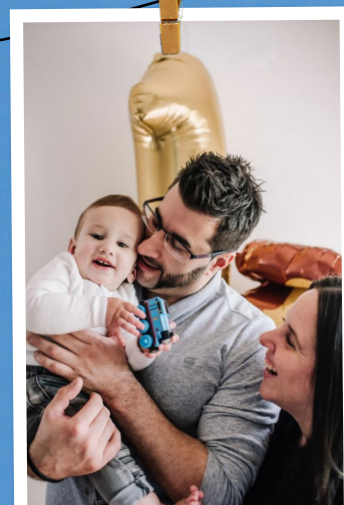
STAFF SPOTLIGHT



Billy's family



Billy and his adorable 2 year old son, Leon!



Billy, Leon and wife, Pauline.

MEET BILLY KIRPIS

Sales Support
TOMAX LOGISTICS
AUSTRALIA



WHAT DO YOU DO AT TOMAX?
Sales Support/Exports.

WHAT ARE YOUR HOBBIES AND INTERESTS?

Cars, car audio, gym, soccer and table tennis.

WHAT ARE YOUR CURRENT GOALS YOU'D LIKE TO ACHIEVE?

Become more senior within Tomax, pay off my mortgage ASAP and live a comfortable life with possible retirement on a Greek Island.

WHAT MAKES YOU SMILE?

Seeing my wife and 2 year old boy after a long work day.

IF THE NEXT THING YOU BOUGHT WAS FREE WHAT WOULD IT BE?

If I was sensible, possibly my dream house. Otherwise, it would be a Pagani Huayra super car.

FAVOURITE MUSIC GENRE?

Psychedelic Trance, Hard Trance, Techno, 90's dance and RnB.

BEST LOCKDOWN SNACK?

Melted Nutella with Connoisseur Cookies and Cream Ice cream and Maltesers.

TOMAX WORD SEARCH

See if you can find the words below!

You can play this puzzle online by clicking [HERE](https://thewordsearch.com/puzzle/2690142/) or pasting the URL in your browser: <https://thewordsearch.com/puzzle/2690142/>

T	F	S	C	F	R	E	X	T	G	C	P	R	S
A	C	R	R	T	A	O	R	N	N	T	R	E	L
E	T	R	E	D	I	T	E	E	I	R	O	X	S
O	R	X	B	I	N	E	I	M	S	W	C	P	C
A	A	A	T	S	G	O	S	P	U	C	I	O	I
R	N	M	N	T	R	H	I	I	O	O	W	R	T
T	S	O	R	R	S	C	T	H	H	N	A	T	S
I	P	T	R	I	O	U	E	S	E	T	R	S	I
M	O	I	E	B	X	S	R	S	R	A	E	M	G
P	R	T	H	U	C	T	E	I	A	I	H	M	O
O	T	E	I	T	L	O	U	W	W	N	O	L	L
R	E	A	E	I	I	M	F	T	T	E	U	C	U
T	P	G	A	O	T	S	O	C	A	R	S	L	E
S	I	S	S	N	S	E	T	M	L	O	E	S	T

CONTAINER
CUSTOMS
DISTRIBUTION
EXPORTS
FCL

FREIGHT
IMPORTS
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