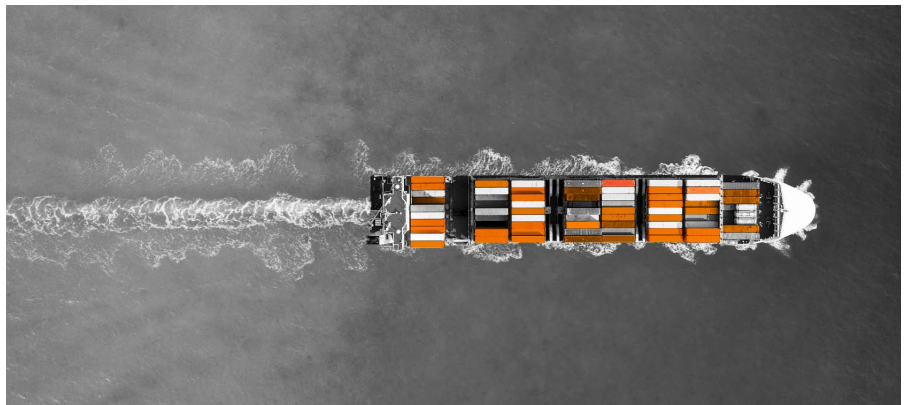


# OCEANIA NEWSLETTER

ISSUE 03 | 21 OCTOBER 2022

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## OCEAN FREIGHT UPDATE

"The global congestion issues we all felt during the pandemic are certainly starting to unwind. Heading towards Christmas, we are seeing a vastly different landscape from last year.

Global demand is well down on all trades as we experience the impact of factors such as energy prices, inflation, and increased interest rates. The decrease in volume has allowed many of the world's ports to overcome (or at least improve) their performance, alleviating some congestion and improving schedule reliability. Moreover, with the ability for ports to work vessels quicker, carriers face less trouble moving equipment and have ample capacity on all services.

We now have a situation where carriers on most services are looking for cargo in a softening market. Hence freight rates are being heavily reduced and at speed, with

some of the largest tradelanes, including Asia to the US and Europe, seeing rates decline upwards of 70%.

Traditionally, peak season would now be in place. However, contrary to the past two years, this is not reflected in market rates or demand. Given global demand is not expected to increase anytime soon, it is suggestive the shipping market will remain fluid and continue to see improvements in terms of overall transit times and favorable pricing.

It is unknown how carriers will react to this as we head into 2023. However, Shipping Lines are starting to withdraw vessels and implement 'blank' sailings on some trades.

- Dean O'Cass  
Director Australia/New Zealand

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## Tradelane Updates

### North Asia (China)

The combination of new vessels servicing the China-Australia trade and demand reduction has positively impacted space availability and freight rates. All carriers are now looking for cargo and consistently reducing rates as vessels are no longer operating at capacity.

Decreasing ocean rates are gathering pace. The traditional peak season surge in volume is not eventuating, nor is it expected to change now.

While China-New Zealand trade has not seen the same levels of relief as Australia, the market is undoubtedly improving, with many options now available into both countries.

Persistent port congestion in New Zealand (mainly Auckland and the rail link from Tauranga) continues to cause delays for arriving vessels. Unfortunately, the costs involved for vessels waiting to berth hinder freight rates from dropping.

Providing carriers do not reduce services or experience a surge in demand, this outlook looks set to continue in terms of space availability and the continual decline of rates.

### South East Asia

Like North Asia, slowing demand has created numerous options for booking cargo into Australia and New Zealand. Given the number of countries in this region, there will indeed be areas of congestion. However, bookings are available, especially in key trade gateways.

Due to NZ-bound cargo transiting via Singapore or Malaysia, there are instances where connections are not met per the advertised schedule; hence delays are suffered. The same does not apply to Australia as more services are available, some with direct routings.

Whilst we continue to see rates decrease into Australia, the New Zealand market is experiencing more of a 'softening'. Bookings are available, and space is not a big issue from most SEA origins (however, the Sub-Continent requires more notice for bookings).

### Trans-Tasman

This trade continues to have issues around schedule reliability as congestion persists at various ports on both sides of the Tasman. Auckland Port, in particular, suffers delays which cause problems with the sailing frequencies carriers can offer.

It is encouraging to see recent announcements that ANL intends to add another vessel to this market in addition to a new carrier (Focus Container Line) planning to commence a TTZ service in December. Focus Container Line has advertised they will service the ports of Melbourne, Brisbane, and Auckland.

As it stands, the tradelane remains relatively limited in terms of the number of carriers and the services on offer, especially Brisbane to/from New Zealand. Additional vessels will no doubt help alleviate some of the market's issues. However, schedule integrity is likely to remain problematic for some time.

### USA/Canada

Carriers issuing advanced schedules show signs of improvement around the expectancy of vessel frequency and their intention to return to weekly sailings. This is good news, especially for New Zealand, where we have seen a year of omissions as carriers try to make up time and avoid port congestion.

The US and Canada West Coast very much rely on only one service; thus, options are limited. Sailing options ex the East Coast are available, usually with three weeks being the minimum booking time.

Most issues with this trade currently sit with transport, equipment, and rail within the US.

### Europe

As with other trades, we also see relief in Europe, with space becoming easier to obtain and pricing falling in accordance with slowing demand and increased shipping line capacity.

Due to the numerous countries involved and various trade routes, options are appearing for customers in both Australia and New Zealand. Some carriers are offering 'spot' rates based on suppliers' location; routings for various exit ports can be achieved by utilising this system.

The majority of obstacles still faced are domestic, such as truck driver shortages and pockets of port congestion. Carriers are experiencing fewer problems with connecting transshipments via Singapore, with the overall trade showing significant improvement compared to earlier this year and through the pandemic.

## Oceania Port Updates (20/10/22)

Sydney	<ul style="list-style-type: none"><li>Patrick: Average delay of 2 days for already delayed vessels and off the berthing window</li><li>DP World: Average delay of 11 days for already delayed vessels and off the berthing window</li></ul>
Melbourne	<ul style="list-style-type: none"><li>Patrick: Average delay of 1 day for off window vessels depending on arrival</li><li>DP World: Average delay of 4 days for already delayed vessels and off the berthing window</li><li>VICT: Average delay of 1-2 days for off window vessels</li></ul>
Brisbane	<ul style="list-style-type: none"><li>Patrick: Average delay of 1 day for off window vessels depending on arrival</li><li>DP World: Average delay of 4 days for off window vessels depending on arrival</li></ul>
Fremantle	<ul style="list-style-type: none"><li>Patrick: Average delay of 1 day for off window vessels depending on arrival</li><li>DP World: Average delay of 4 days for already delayed vessels and off the berthing window</li></ul>
Adelaide	<ul style="list-style-type: none"><li>Average delay of 1-2 days for already delayed vessels and off the berthing window</li></ul>
Tauranga	<ul style="list-style-type: none"><li>Average delay of 1 day / off window vessels up to 5 days due to vessel bunching and yard congestion</li><li>High terminal yard utilization persists, currently 100%</li></ul>
Auckland	<ul style="list-style-type: none"><li>ETA delays of 3-6 weeks</li><li>High yard utilisation, currently at 84%</li></ul>
Lyttelton	<ul style="list-style-type: none"><li>ETA delays of 2-4 weeks</li></ul>

### Rail Tauranga – Auckland Metroport

With such demand for Metroport rail, currently, containers can only be prioritised before they discharge the vessel. Once they have landed in the yard as general cargo, we cannot control their position or other containers landing that may make them inaccessible.

Delivery profiles have again been increased due to congestion; please

see below the latest transit times to AKL:

20' Equipment: Average 7-10 days post-discharge  
40' Equipment: Average of 9 days post-discharge

*Note, containers that discharge without MPI release will face delays of approximately four weeks until the container is railed to Auckland.*

## Auckland Port Delays

The Port of Auckland processing times of full container ships is still exceptionally slow. Several factors are causing this, including labour shortages, Black Friday and Christmas volumes.

To the right is a snapshot of the latest vessels arriving at AKL port, highlighting their initial ETA and planned berthing windows. Please note the dates are accurate as of today; however, these berthing dates could be pushed out further.

Our operations team constantly check every berthing window for each vessel arriving in NZ, which will be reflected in your status reports.

	Initial ETA	Planned Berthing Date
NYK Futago v.084s	20-Oct	8-Nov
Tianjin Bridge v.167s	25-Oct	12-Nov
CMA CGM Seattle v.385s	2-Nov	20-Nov
Shiling v.015s	4-Nov	23-Nov

# AIRFREIGHT UPDATE



## GREATER CHINA

Capacity has returned following the Golden Week holiday; however, the market remains soft. Mainland China's rate levels have decreased while rates ex-Hong Kong have increased.

## SOUTHEAST ASIA

Stable airline scheduling and capacity constraints continue to be a problematic in some countries such in Indonesia and Vietnam. Though overall export markets remain soft, with few signals of demand increasing.

## EUROPE

Currently, available capacity continues to exceed market demand. However, expect capacity to drop with a slight rise in prices due to decreases in PAX flights over the coming months as airlines change to winter schedules.

## AMERICAS

Export demand and rates remain steady. There is a slight shortage of trucking capacity and congestion at US airports, leading to a longer-than-normal dwell time for inbound cargo. This has slowly been improving and is expected to clear up in Q1 2023.

## TRANS-TASMAN

Airlines continue to delay the release of further capacity as they prioritise PAX growth prior to committing to greater flight frequencies. Spot bookings are still providing the best opportunities in this market.

# INLAND UPDATE

## AUCKLAND DEPOT ISSUES

The short week approaching is compounding issues at Auckland port and container depots. Consequently, our transport partners expect to operate at max capacity for the four days following Labour day on Oct 24. The *Groundswell protest*, which took place in Auckland yesterday, has only worsened matters, causing significant traffic congestion around the Ports of Auckland, which proved difficult to navigate and meet scheduled times.

Further to our [notice](#) issued earlier this month, bookings at various empty depots are still limited. The next available booking at Metrobox isn't until Oct 25. Meanwhile, UCL is not releasing any future bookings at this stage.

Kerry Logistics will not be liable for any detention charges incurred due to missed bookings for the above reasons.

## RAIL DISRUPTIONS BETWEEN TAURANGA AND AUCKLAND METROPORT

Due to phase 2 of the KiwiRail maintenance/upgrade, rail services between the Port of Tauranga and Auckland Metroport will be suspended for 5 days from 12:01 AM Thursday 20 Oct.

Services will resume from 12:01 AM Tuesday 25 Oct with an additional 3 trains scheduled per week to relieve the backlog as soon as possible.



## BEILUN DISTRICT | NINGBO COVID OUTBREAK

Per our [notice](#) issued 19/10/22, Ningbo's Beilun District, home to several container terminals, has again tightened epidemic control measures after a Covid outbreak was announced earlier this week. The initial three-day lockdown, which began on Oct 14, has since been extended until further notice. Restrictions will inevitably impact logistics operations and supply chains; please keep the following in mind:

- Container terminals located in the Beilun district are closed
- A limit has been introduced for vessel routings in/out of the terminal
- Expect Shipping Line schedule changes over the coming weeks
- Ningbo-Zhoushan port is offering closed-loop access for FCL trucks in and out of container port areas
- Container transport between Beilun and other districts is permitted for authorized drivers, meaning FCL movements are feasible where factories can stuff containers
- Potential container shortages as many empty depots are in medium/high-risk areas
- Kerry Logistics has commenced operations at a backup CFS warehouse outside of Beilun for future shipments
- [UPDATE] Yesterday, 20 Oct, the local government nominated Kerry as part of the first group of logistics entities in the bonded area to reopen on a closed-loop model. We estimate staff can enter the site during the weekend to commence operations

## MPI / QUARANTINE UPDATE

### Biosecurity New Zealand BMSB and FMD border verification updates

#### Foot and Mouth Disease (FMD)

A risk analysis found that due to long transit times, inspections of containers from Indonesia for risk related to FMD was deemed unnecessary. However, BCS will maintain a random verification on Indonesian containers based on our risk profiles. This will become effective 20 October 2022.

#### Brown marmorated stink bug (BMSB)

The Brown marmorated stink bug (BMSB) season has commenced. Please note that additional BMSB verifications will take effect on 20 October 2022. Importers/agents can expect containers maybe sent for additional verification due to BMSB threat.

### DAFF Australia BMSB Update

#### BMSB New, Unused and not Field Tested goods

**Manufacture must start on or after 1 December of the current BMSB risk season to be eligible.**

BMSB NUFT declarations may be used for eligible goods shipped in sealed six hard sided containers, goods shipped as break bulk (including flat rack and open top containers) and consignments in LCL / FAK containers.

If your goods that can meet **all** the following criteria, they will not be subject to mandatory BMSB treatment (random inspections will apply):

- Have the goods been manufactured on or after 1 December? (Manufacture must start on or after 1 December of the current BMSB risk season).
- Are the goods classified under the following tariff chapters only: 82, 84, 85, 86, 87, 88 and 89?
- Can evidence be provided in the form of a BMSB NUFT (new, unused and not field tested) manufacturers declaration that the goods are manufactured on or after 1 December?

Good shipped as break bulk (including open top and flat rack containers) will not require mandatory offshore BMSB treatment, if they meet the above requirements for BMSB NUFT.

#### BMSB NUFT Declarations

In addition to [Minimum Documentary and import declarations policy](#) requirements for

manufacturers declarations (sections 4.6.1), your BMSB NUFT Manufacturers declaration must also meet the following requirements:

- Must contain the statement "the product is new, unused and not field tested", and
- Must have a manufacture start date.

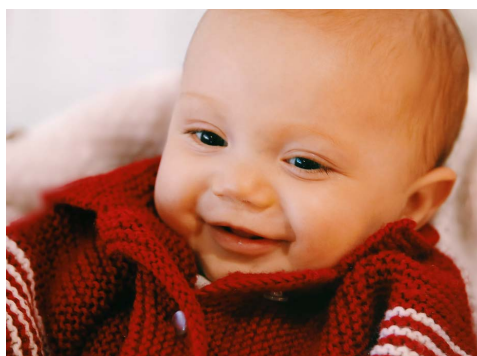
Note: As per minimum documentary and import declaration requirements, manufacturers declarations will only be accepted from the company that manufactured/produced the goods and must be issued by either the individual manufacturing site or head office within the country of manufacture unless a valid import permit or BICON case states otherwise.

Note: The department considers goods field tested, if during the manufacture of the goods, animal or plant material or soil has been introduced or has come into contact with the machine or equipment.

If evidence is not provided, or additional goods that don't meet the above criteria are included on the BMSB NUFT, the goods may be directed for export or onshore treatment (if permitted).

A BMSB NUFT template has can be found [here](#)

Please ensure that your current BMSB NUFT declarations meet current requirements for the 2022-2023 BMSB season. If they do not, please ensure changes are made so that they meet documentation requirements prior to the goods arriving into Australia, so that goods are not delayed, sent for onshore treatment or directed for export.



## MIDDLEMORE FOUNDATION WOOL PROGRAMME

The Middlemore Foundation Wool Programme has over 2,000 dedicated knitters nationwide donating beautifully knitted booties, hats, mittens, vests and blankets to keep New Zealand's premature babies and newborns in the hospital and the community warm.

We thank Megan Speght and Trisha Maclang from our Auckland branch for kindly volunteering to help earlier this month. Both assisted with the setting up of an event and providing food and tea for the 80+ knitters who came along to support this great charity.



## OFFICE DRIVEWAY CLOSED

Our Auckland warehouse and breezeway extension are now well underway. Unfortunately, this means our office can no longer be accessed through our main driveway at 4 Joseph Hammond Place.

If you are coming to visit, please enter via our secondary warehouse at 6 Joseph Hammond Place, as per the illustrations on the map above.

## KLN GLOBAL NEWS

### *Certificate of Excellence in Environment, Social and Governance Reporting*

We are delighted to have received the Certificate of Excellence in Environment, Social and Governance Reporting at the 2022 HKMA Best Annual Reports Awards, in recognition of our quality sustainability disclosure.



## THE KERRY LOGISTICS OCEANIA TEAM



### Massimiliano Banfi

#### Export Operations - Australia

Massimiliano has been in the freight forwarding industry for almost 10 years, holding multiple operational roles in Italy, New Zealand, and Australia. He brings a wealth of well-rounded experience, having worked in imports/exports, airfreight, and sea freight departments. In 2020, Massi joined Kerry Logistics Italy in Milan, supervising export shipments destined for Oceania. This role gave him the opportunity to be transferred to our Australian branch, where he is now supporting the Export Operations team based in Melbourne.



### Jason Cole

#### Transport Supervisor - Australia

Jason started his freight forwarding career in 2011. Before progressing to cartage, he worked in import/export operations and warehousing. Jason has been with Kerry Logistics for almost two years, joining the team as Transport Supervisor based out of our Melbourne office. He works closely with national clients and transport partners, focused on finding the best inland solutions for all types of freight.



# INDUSTRY NEWS

## OCEAN CARRIER VOYAGE BLANKINGS CAUSING CHAOS AND CONFUSION FOR SHIPPERS

THE LOAD STAR

Published: 20/10/2022

Ocean carriers are ramping-up their vessel blanking programmes from Asia as export demand weakens, but last-minute cancellations are causing chaos in supply chains and confusion within liner offices.

Moreover, shippers are having to navigate their way around 'officially' announced blank sailings and voyages pulled just days before arrival in China and held off the loading port, in what carriers term as 'slidings'.

A UK-based NVOCC told The Loadstar liner sailings from China had become "pot luck" and accused carriers of running "tramp services" instead.

"When we talk to the local offices, they haven't got a clue as to what loops are still running. That gives us a headache for our export planning, as the so-called 'alternative services' offered by the lines may not even call in the UK," he said.

Furthermore, there is also an impact on the forward berthing programmes of North European container hub ports from the constant network changes, along with disruption to linking feeder and barge relay services.

For example, a Dublin-based contact told The Loadstar that, for one particular shipment recently, its deepsea vessel's name had been changed no less than four times after the connecting feeder had left Dublin port.

"It was very worrying for our client, who kept having to change the details of the mother vessel in documents sent to the Chinese importer," he said.

However, the alliances are understood to be reluctant to temporarily suspend loops, despite the very poor outlook for bookings, as they fear that this could concede market share to rivals in other VSA groups.

Nevertheless, it is clear that the current ad-hoc blanking strategies

are not having the desired effect, of arresting the rapid decline in spot rates, that carriers had anticipated.

And Simon Heaney, senior manager for container research at Drewry, believes blank sailings on their own will be insufficient to halt the slide in rates.

"We certainly expect them [blankings] to remain a pivotal weapon in carrier arsenals to contain capacity next year, but they need to be used in conjunction with all the other levers," he said.

Mr Heaney said these included a rekindling of scrapping, from this year's virtual zero to close to a record 600,000 teu of demolitions next year, and, not least, an "orchestrated slippage" of some of the huge 2.6m teu of newbuild tonnage stemmed for delivery next year.

Presenting the maritime consultant's latest container shipping market outlook briefing this morning, Mr Heaney added that liner strategy for the following year would need to be "rinse and return", as capacity oversupply in liner trades was predicted to continue.

He said there were ways for carriers to keep the market in an undersupplied position, but suggested these could be "a step too far for regulators".

The EC competition commissioner is currently reviewing the Consortia Block Exemption Regulation, which is due to expire in April 2024, with an interim decision thought to be due before the end of the year.

"Regulators are much more watchful of carriers, and any whiff they are curbing potential trade and doing damage to economies for their own benefit will be pounced upon," warned Mr Heaney.

Source: The Load Star ; <https://theloadstar.com/ocean-carrier-voyage-blankings-causing-chaos-and-confusion-for-shippers/>

# IDLE CONTAINERSHIP FLEET SET TO SURGE AS LINERS RATIONALISE NETWORKS

THE LOAD STAR  
Published: 19/08/2022

The number of carrier-controlled container vessels in lay-up is increasing exponentially as liner networks are rationalised to mitigate the significant downturn in demand.

According to the latest bi-weekly assessment by Alphaliner, in the two weeks to 10 October, the number of idled box ships jumped by 25 (112,161 teu) to a total of 76 vessels for 322,394 teu.

According to the consultant, these are "ships without revenue-generating commercial activity, such as vessels in warm or cold lay-up" and some that are in between deployment and idled longer than normal.

Moreover, ships made 'redundant' by the recent raft of temporary loop suspensions and mergers are not yet included, and therefore considerable spikes in the idle fleet numbers are likely over the coming months.

Nevertheless, the total number of inactive containerships, as counted by Alphaliner, stands at 275 (1,058,702 teu), which remains historically low, at 4.1% of the global fleet.

Reacting to a feared 25% downturn in consumer demand because of pandemic lockdowns, ocean carriers radically slashed capacity, and by June 2020 had mothballed hundreds of ships, creating an idle pool at a peak of 12% of the global container fleet.

Subsequently, demand from working-from-home consumers exploded as they spent money on home improvements and lifestyle items rather than on services, holidays and at restaurants, resulting in a two-year period of out-of-kilter vessel and equipment supply and huge freight rate inflation.

In their interim results earnings calls, carriers predicted a demand downturn in the latter months of this year, due to high energy costs and rampant inflation, but few expected the depth of the decline in bookings before the early October Golden Week holiday and, subsequently, the bleakest of outlooks thereafter.

Indeed, a carrier contact admitted to The Loadstar recently that forward-booking forecasts for Asia to North Europe were "dire", and were as bad as he had seen since the start of the pandemic.

"Some of the booking forecasts recently have been so bad that they were initially rejected as being a computer glitch," said the contact.

"Unfortunately, they were accurate, and there have been some very senior network capacity meetings to decide what to do next."

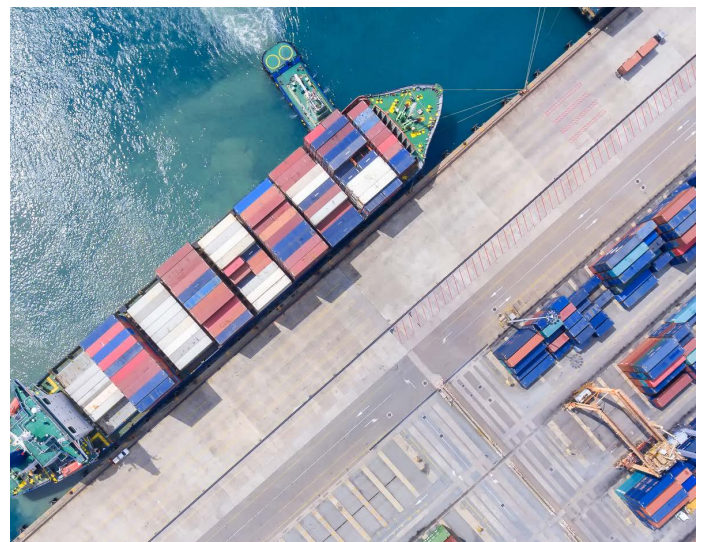
Indeed, until recently, ocean carrier alliances were content to roll out proven blanking programmes to adjust capacity and stop the rapid erosion of spot and short-term freight rates, which had begun to spill over to carriers' bread and butter long-term contract rates.

However, so far, voiding sailings has failed to 'stop the rot' on the major Asia-Europe and transpacific tradelanes, and carriers are starting "temporary" loop suspensions and service mergers to address the imbalance.

Meanwhile, there is evidence of a fierce rate war developing on the major tradelanes, in contrast to the start of the pandemic when carriers adopted a judicious approach to pricing.

The idle tonnage does not include vessels on blank sailings or 'slidings', as these will normally resume service after a delay of a week or so at their Asian loading port.

Source: The Load Star ; <https://theloadstar.com/idle-containership-fleet-set-to-surge-as-liners-rationalise-networks/>



## SHIP TRAFFIC HIT BY LATEST COVID OUTBREAK IN NINGBO

Splash 247  
Published: 19/10/2022

A bout of covid-inspired lockdowns at the world's largest port is having an impact on vessel traffic, despite Chinese authorities insisting volumes are normal.

A covid outbreak was first detected in Ningbo on Thursday last week, with a district, Daxie, quickly placed in lockdown over the weekend. By Monday, however, the outbreak had spread to Beilun, an area that houses the most amount of terminals at the Port of Ningbo-Zhoushan, the world's largest port in overall tonnage terms and third largest when it comes to containers.

The port city has faced repeated lockdowns over the past couple of years, with Chinese leader, Xi Jinping, reaffirming in recent days he has no plans yet to take the brakes off his zero-covid policy.

Trucking green channels and closed-loop management were quickly installed at the port, however delays are being reported, with a significant drop in available truck drivers. Data provided to Splash by maritime analytics firm MarineTraffic (see below) highlights how shipping traffic was especially hard hit on Monday.

"New Covid-19 lockdowns in China might return in 2023," a new trade outlook from ING warned this week. "Although restrictions have tended to become shorter and more focused, activity will be impacted nonetheless," the bank warned.

Source: Splash 247 ; <https://splash247.com/ship-traffic-hit-by-latest-covid-outbreak-in-ningbo/>