

OCEANIA NEWSLETTER

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OCEAN FREIGHT UPDATE

As pressure on global supply chains continues to ease, and with a decline in demand, we now see space on vessels readily available. The alleviation of congestion issues at international ports allows vessel schedules to be met, along with greater port call frequencies and increased capacity on applicable trades. Additional capacity means shipping lines

must attract cargo in a softening market. Hence ocean freight rates are being heavily reduced and at speed, despite peak season typically being in place at this time. With global demand not expected to increase soon, it suggests the market will remain fluid with continuing improvements in transit times and pricing. Locally, we are still experiencing heavy

congestion in New Zealand, notably Auckland Port and the rail connection between Tauranga and Auckland Metroport. Congestion-related delays are becoming lengthy, and with no certainty about how long they may persist, it is advisable to consider these in overall transit times.

- Dean O' Cass
Director Australia/New Zealand

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Tradelane Updates

North Asia (China)

The combination of new vessels and services introduced into Australia earlier this year and a reduction in overall demand has quickly and dramatically promoted space availability and favorable pricing.

With the rate decreases gathering pace and the traditional peak season volume surge not eventuating, we see numerous options opening into Australia. However, as of late, the number of spot bookings in the New Zealand market has decreased.

Unless shipping lines reduce the number of services available or experience a surge in demand, this outlook will be likely to continue.

South East Asia

Like North Asia trade, carriers are currently looking for cargo, which in turn is accompanied by a welcoming ease in the extremely high-rate levels experienced over the past two years.

Across the entire region, there has been an increase in booking availability, in addition to more reliable transshipment connections via Singapore aided by improved schedules. Reliable transshipments are particularly important for the New Zealand market, as unlike Australia which has numerous options for direct routings, most New Zealand-bound cargo ex SEA transits via Singapore or Malaysian ports.

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Trans-Tasman

Adverse schedule reliability due to constant vessel delays across various Oceania ports remains a key issue, leading to little confidence in dates published by carriers.

Limitations persist around the number of options and services on offer, especially with the rail service between Tauranga and Auckland being heavily congested, which inevitably adds to the overall transit.

Scheduling issues and delays will likely remain as we head into next year. However, with ANL adding another vessel to service the region and Focus Container Line's plan to commence a new Trans-Tasman service, hopefully, this

trade will see some relief in the coming months.

USA/Canada

Carriers releasing advanced schedules show promising signs of improvement around the expectancy of vessel frequency and their intention to return to weekly sailings.

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.

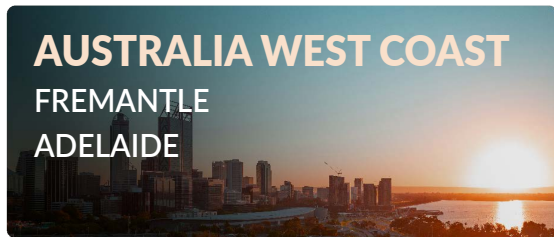
Europe/UK/Med

As with other trades, Europe is also showing signs of relief. Space is becoming easier to obtain and, ocean rates are falling in accordance with the slowing demand and increased capacity.

Carriers are offering 'spot' rates based on suppliers' location; routings for various exit ports can be achieved by utilising this system.

Overall the trade is showing significant improvement compared to earlier this year and through the pandemic, with the majority of obstacles still faced being domestic.

Oceania Terminal Updates - Average Delays as of 17 November 2022



Location	Terminal	Delay
Fremantle (AUFRE)	Patrick Fremantle ¹	1 Day
	DP World Fremantle ¹	2 Days
Adelaide (AUADL)	Flinders Terminal Adelaide ²	1-2 Days
Sydney (AUSYD)	Patrick Sydney ²	2 Days
	DP World Sydney ²	5 Days
Melbourne (AUMEL)	Patrick Melbourne ¹	1 Day
	DP World Melbourne ²	1 Day
Brisbane (AUBNE)	Patrick Brisbane ¹	1 Day
	DP World Brisbane ¹	2 Days
Auckland (NZAKL)	Ports of Auckland	3-6 Weeks
Tauranga (NZTRG)	Port of Tauranga	9-10 Days
Christchurch (NZLYT)	Lyttelton Port	2-4 Weeks

1. Delays apply for off window vessels depending on arrival ; 2. Delays apply for vessels that are already delayed and off the berthing window

SVITZER AUSTRALIA LOCKOUT OF TOWAGE CREWS

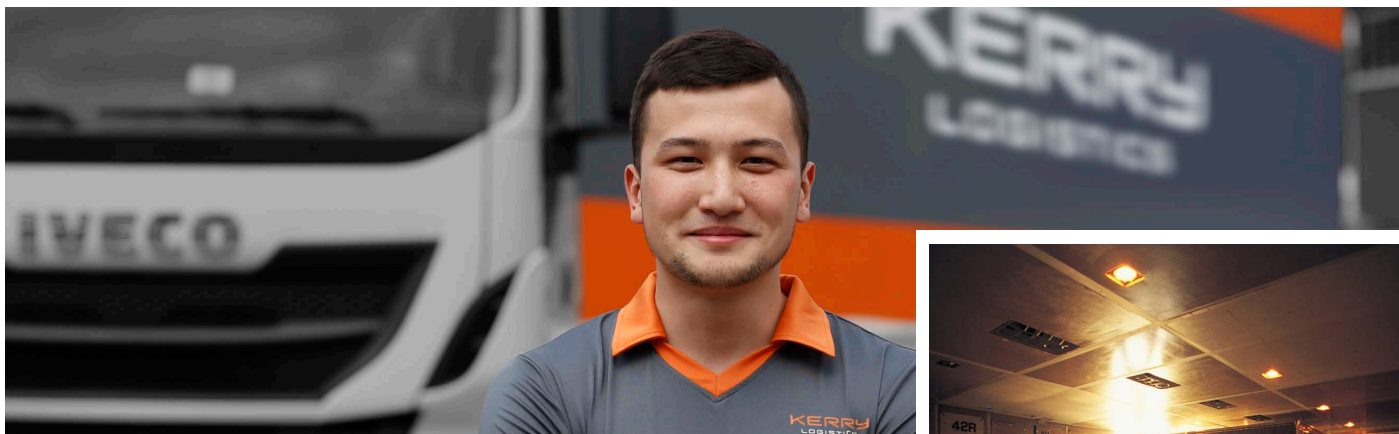
Per our [notice](#) on 18/11/22, The Fair Work Commission has ordered Svitzer Australia to scrap its lockout of tugboat workers.

The lockout initially planned to occur last Friday (18 November) intended to lock out all crews covered by the Svitzer Australia Pty Ltd National Towage Enterprise Agreement (2016) indefinitely.

The Fair Work Commission ruled it was satisfied the lockout of maritime workers would cause significant damage to the Australian economy and consequently considered that the appropriate course

is to suspend Svitzer's protected industrial action for a period of six months.

However, stevedores, ports and the federal government said that merely the lockout threat had caused disruption, with some port authorities being preemptive in ordering ships away from ports or delaying ship arrivals in anticipation. It is hoped that these preemptive actions can be reversed without causing undue vessel scheduling delays.



OCEANIA INLAND UPDATES

Tauranga - Auckland Rail Line (NZ) Port Logistics/Cartage Update (AU)

Further to our last [notice](#), there is still a backlog being experienced in rail services between Tauranga and Auckland Metroport. High import volumes and the recent rail maintenance/upgrades have pushed out delivery profiles.

We are still unable to provide requests for the ETA of containers; however, as of Nov 22, indicative rail dates post-discharge are 5 days and 10 days for 20' and 40' equipment, respectively. Note heavy 20' containers will likely take up to 12 days.

Tauranga terminal has implemented the following measures to alleviate congestion and minimise rail waiting times:

- 3 additional weekly trains over the remainder of 2022 to provide additional rail capacity.
- Assessment and review of ad-hoc inducement calls to assist in clearing the backlog at Tauranga.

As Maersk's Auckland-bound cargo is routed via Tauranga, they have introduced the following measures to mitigate further delays and reduce the impact of current rail congestion:

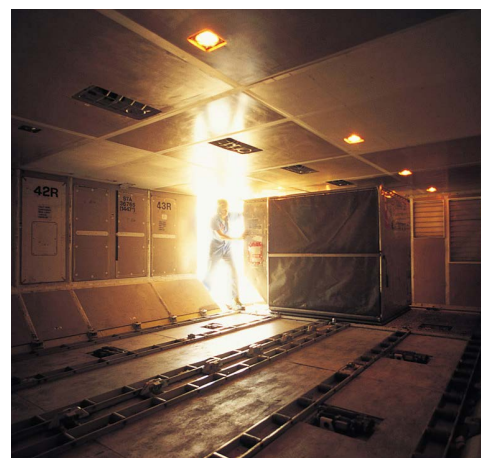
- An extra loader deployed to carry ex-Asia hub and ex-Sydney volumes for direct Auckland discharge, currently SPIRIT OF SYDNEY 243N.
- Inducement of an additional Tauranga call for MAERSK NADI 239N on the existing Coastal Connect service to re-route via Tauranga volumes for direct Auckland discharge.
- Re-direction of Auckland MetroPort import volume from Asia hub ports to load J-Star vessels for direct AKL discharge.

Overall, Australian Ports are flowing well, with few delays in collections. The exception being Patrick Terminal in NSW, which was closed overnight last week (15 November) for critical pavement repairs; however, normal operations have since resumed. QLD redirections remain in place for all empty parks, with QUBE and ACFS operating at capacity and not accepting any underbond containers. VIC Roadwork projects in metropolitan Melbourne are causing daily traffic delays, though this is specifically isolated to the western suburbs.

Inverleigh train derailment (AU)

Last Monday, 14 November, a freight train derailed on the Inverleigh track outside Geelong. The line has since been closed and is reportedly not expected to be repaired prior to 25 November. Coupled with the closure of a secondary line running through Broken Hill due to flooding, rail operations between Perth/Adelaide and Australia's east coast have come to a standstill (the map below illustrates where lines are closed).

Last week numerous carriers ceased collections of WA freight from the east coast, and even where such items are being collected, they are generally not travelling. Carriers capable of providing services between the east and west coasts by road are being overloaded; hence extensive delays will be unavoidable in many cases. Additionally, the unprecedented flow-on demand for road services is leading to equipment shortages across the east coast, with expected lead times upwards of 48 hours for the coming weeks.



AIRFREIGHT MARKET TRENDS

- International export demand remains weak. New export orders continued to shrink globally in September, with Germany seeing the most significant contraction since the onset of the pandemic.
- September industry-wide cargo tonne-kilometres (CTKs) were 10.6% lower than a year ago, and the seasonally adjusted CTKs also contracted by 1.5% compared with the previous month.
- The increase in available cargo tonne-kilometres (ACTKs) further slowed in September to just 2.4% year-on-year (YoY), driven by the softening air cargo demand. This contributed to a 1.4 percentage point increase in the average industry load factor compared with August.
- International CTKs experienced the same YoY contraction as the total industry CTKs in September, declining by 10.6%. This was mainly driven by the negative YoY growth in the Middle East, Europe, and Asia Pacific. Latin America continued to be the strongest performer in September, with international CTKs increasing by 13.2% YoY.



Source: IATA Economics Report - September

CHANGES TO AU BIOSECURITY COST RECOVERY

Australia's biosecurity system is becoming more complex and like industry and the rest of the world, the department is continuing to respond to changing global and domestic travel, trade and climate patterns.

The demand for The Department of Agriculture, Fisheries and Forestry (DAFF) regulatory activities has also increased, together with industry expectation of faster clearances and efficiencies at the border.

DAFF is progressing three related bodies of work to ensure it can fund existing and future regulatory activities, meet industry expectations, and continue to manage biosecurity risk effectively into the future.

Proposed commencement of cost recovery to manage the risk of hitchhiker pests and diseases - Sea FID charge increase

DAFF has recently released Import Industry Advice Notice 226-2022, signalling a significant change to their Biosecurity cost recovery arrangement for sea freight Formal Import Declarations (FID) to assist in managing the risk of hitchhiker pests and disease.

The Department intend to achieve this by increasing the Full Import Declaration charge for sea cargo (Sea FID) for each declared consignment arriving by sea from **\$49 to \$58**, commencing **16 January 2023**.

This will result in the Import Processing

Fees on Sea FIDs with a value under \$10,000 increasing from \$99 to \$108, and \$201 to \$210 for import declarations over \$10,000. Billing arrangements will remain the same with the proposed increase applied to Sea FIDs lodged on or after 16 January 2023.

Please follow the link [HERE](#) to view the full advice notice from DAFF, which includes details around:

- The proposed implementation of cost recovery to manage the risk of hitchhiker pests and diseases
- A review of the biosecurity cost recovery arrangement
- Development of a sustainable funding and investment model for biosecurity.



INSIDE KERRY LOGISTICS

WOMEN IN LOGISTICS

Recently we were invited to attend IFCBAA's inaugural Melbourne Women in Logistics High Tea. The event had a great turnout and provided an excellent opportunity for a few of our staff to be inspired by some fabulous women leaders whilst enjoying a lovely High Tea.

Thank you to Donna Gouws (Customs Broker), Pagona Tragaras (National Ops Manager), and Anya Makogon (Customer Service Executive) for representing our Australian business at this wonderful event. We also thank IFCBAA for coordinating the High Tea and inviting us to celebrate women in logistics!



KLN NAMED ASIAN 3PL OF THE YEAR FOR THE SEVENTH TIME

Kerry Logistics Network was named the Asian 3PL of the Year for the seventh time at the Supply Chain Asia Awards 2022 and its Group Managing Director, William Ma, received the prestigious "Hall of Fame" accolade at the award ceremony earlier this month.

The Hall of Fame award acknowledges and celebrates exemplary leaders with records of demonstrating strong leadership and innovative thinking in creating success in the global supply chain industry, while the Asian 3PL of the Year title commends an industry leader in Asia.

Kerry Logistics Network previously received the Asian 3PL of the Year title in 2011, 2012, 2015, 2016, 2018 and 2019. William Ma has successfully spearheaded the international expansion and transformation of KLN since 2000 and has led the Company as Group Managing Director since its listing in 2013.

Read the full release [HERE](#)

MATT KERR SPONSORSHIP

As a proud sponsor of Matt Kerr, a New Zealand triathlete, we are excited he has recently confirmed his intention to progress to the next level of his career and join the Professional Athlete Circuit in the coming weeks.

Matt's triathlon journey is a great NZ success story that started only three years ago with a "hand me down" bike frame in his makeshift training laboratory. While his journey through the amateur ranks has been a relatively quick one, the continued successes this year have only confirmed that a move into the professional scene is

not only timely and deserved but appropriate in terms of challenge and career progression.

As he moves from this year's highlight of success at the 2021 Amateur World Champion, we look forward to continuing to support him in 2023 and do not doubt that he will have many more successes with his new campaign as a Professional athlete.

If you're interested in triathlon and want to learn more about Matt's journey and latest results, make sure to take a look at his website [HERE](#)



KERRY LOGISTICS OCEANIA TEAM



Rob O'Halloran

Transport and Logistics Manager

As New Zealand's Transport and Logistics Manager, Rob is specialised in project management and commercial direction. With over 15 years of experience in the logistics industry, Rob is highly experienced in domestic cartage supervision and management, 3PL and warehousing and distribution.

He is dedicated to ensuring efficiency and effectiveness within his team and local operations to ensure cost-effective solutions and profitable results for our customers.



Anna Keenan

Key Account Manager

Anna recently celebrated her ten years with Kerry Logistics. During this time, she has held various roles within the company, including managing an offsite mail clearance site, working in and managing our customer service team, and key accounts. Today she continues to be a part of our key account team, where she oversees the relationships for various clients and helps find the best solutions for our customers. It is great to have Anna back in our Auckland office after returning from maternity leave last month.



INDUSTRY NEWS

CARRIERS CONSIDER LAYING-UP BOX SHIPS AS BLANKING FAILS TO PROP UP RATES

THE LOAD STAR
Published: 03/11/2022

The idled containership fleet has breached the 1m teu capacity milestone – and is set to jump significantly higher as carriers prepare to temporarily suspend services rather than blank sailings.

According to Alphaliner, as of 24 October, the number of inactive containerships either in drydock or seeking employment had reached 284, for a capacity of 1.2m teu, representing 4.6% of the global cellular fleet.

At the peak of demand in February, as carriers squeezed the charter market dry in pursuit of every serviceable vessel, the consultant recorded 154 ships, for a capacity of 442,000 teu, as inactive, many in drydock, representing just 1.8% of the global fleet, .

“Weakening cargo demand and declining freight rates have prompted carriers to cull some sailings and even temporarily suspend a number of services on major east-west tradelanes,” said Alphaliner.

The Loadstar has seen a big uptick in the number of blank sailing advisories from Asia-Europe and transpacific carriers in the past two weeks, with, for instance, some Asia-North Europe loops being voided in consecutive weeks.

However, Alphaliner does not count a ship as inactive unless it has been idle for more than 14 days – hence the proliferation of blank sailings does not figure in the capacity surplus analysis.

During Maersk’s Q3 earnings call yesterday, CEO Soren Skou reiterated the carrier’s strategy to “take out capacity to meet demand”, as the group recorded a year-on-year 7.6% decline in liftings against a downgraded market contraction for 2022 of 2%-4%.

The speed of the decline in exports from China has made the reactive blanking strategies of carriers ineffective at halting the erosion of spot and short-term rates, and more radical capacity reduction plans will be

necessary to avoid a collapse in contract rates.

The Loadstar understands that some of the partners in the three east-west alliances are calling for their networks to adopt ‘winter programmes’ until mid-January, ahead of the Chinese New Year holiday.

“Nobody wants to be the first to cut out a loop and potentially lose market share,” one carrier contact told The Loadstar.

“There are hawks that want radical action and doves that want to carry on blanking, but everybody is suffering, that’s for sure, and getting concerned about next year,” he said.

Meanwhile, on the containership charter market, the increase in surplus open tonnage is putting more downward pressure on daily hire rates and materially reducing durations.

“Charter rates have continued to weaken for classic panamax of 4,000-5,300 teu in the past two weeks, with fixtures now typically concluded for periods of six months at a low-mid \$20,000 a day,” said Alphaliner.

In fact, a broker source said this week, owners were now prepared to entertain much lower time-charter periods.

“We are talking with owners and charterers on some ships about extensions of 30 to 45 days, and for new fixtures three to four months,” he said.

Alphaliner noted that a daily hire rate of \$20,000 for a panamax was “still decent by historical standards”, but was “ten times lower than what owners could achieve in early 2022”.

Source: The Load Star ; <https://theloadstar.com/carriers-consider-laying-up-box-ships-as-blanking-fails-to-prop-up-rates/>