

OCEANIA NEWSLETTER



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OCEAN FREIGHT UPDATE

Over the past few months, it is pleasing to see global supply chain issues have dissipated in many areas, which is reflected by continued reductions in ocean freight pricing.

Port congestion worldwide has eased dramatically, meaning shipping lines are more likely to meet their published vessel schedules, which allows for increased sailing

frequencies and capacity on most trades.

As the traditional peak season period and typical pre-Chinese New Year pressures on space have not resulted, there is now a global capacity surplus on nearly all trade routes.

With demand not forecasted to increase anytime soon, we have started to see

carriers withdraw some vessels from service. This trend may continue during the year, as carriers will withdraw vessels or services deemed redundant and reduce overall space on particular trades.

- Dean O' Cass
Director Australia/New Zealand

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Tradelane Updates

North Asia (China)

The decrease in demand across the market has led to shipping lines looking for support, with pricing vastly different to traditional peak season and pre-CNY closures.

Currently, there are no booking or space issues from China to Australia or New Zealand, though carriers will soon implement some "blank sailing" weeks. Should demand remain weak, there may be a slower-than-usual phasing back in of vessels.

South East Asia

In general, the market is starting to see more reliable transit times and better schedule integrity across the SEA region. Additionally, we are seeing shorter connection times

in Singapore globally. This is certainly a welcome relief and allows vessels to keep moving per their schedules.

Into Australia, the connections via Singapore generally work well, with cargo flowing without too many delays.

However, the NZ market, which relies heavily on transshipments via Singapore for cargo originating from SEA and Europe, is still experiencing congestion, leading to issues with the connection and ultimate arrival time into NZ. We recommend allowing extra time for containers into NZ that need to tranship via Singapore.

Trans-Tasman

Congestion at various ports across Oceania

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continues to persist, making it difficult for carriers to facilitate accurate scheduling.

The expectation is such issues will not be resolved in large anytime soon, and will likely lead to an increase in overall transit times and further delays.

We have seen improvements in rail timeframes from Tauranga Port to Auckland, which makes utilising Maersk's Trans-Tasman Service more appealing.

Focus Container Line has just commenced their dedicated Trans-Tasman service, which will call Melbourne, Sydney, Brisbane, and Auckland on a fortnightly rotation.

USA/Canada

The majority of problems still faced in the US result from transportation constraints, with internal congestion persisting at many rail depots and ports.

Some vessels are still omitting New Zealand, causing disruptions in sailing frequency ex west coast ports on this trade, though improvements are expected as carriers continue to make up scheduled times.

Longer booking times ex the east coast is currently required due to a backlog in moving cargo.

Similarly, Canada remains difficult to obtain bookings with limited services on offer.

Europe/UK/Med

Reductions in freight rates reflect the slowing demand and increased capacity amongst carriers. Some shipping lines offer 'spot' rates based on suppliers' locations, so routings for various exit ports can be achieved by using this system.

There are still some hurdles to overcome; however, these are primarily domestic issues from last year, such as truck driver shortages and pockets of port congestion.

Overall, this trade is certainly in a much better position, with numerous options available at more competitive rates and better connection times via Singapore.

Oceania Terminal Updates - Average Delays as of 15 January 2023



Location	Terminal	Delay
Fremantle (AUFRE)	Patrick Fremantle ¹	1 Days
	DP World Fremantle ²	1 Day
Adelaide (AUADL)	Flinders Terminal Adelaide ²	1-2 Days
Sydney (AUSYD)	Patrick Sydney ²	4 Days
	DP World Sydney ²	1 Day
Melbourne (AUMEL)	Patrick Melbourne ¹	2 Days
	DP World Melbourne ²	1 Day
Brisbane (AUBNE)	Patrick Brisbane ¹	1 Day
	DP World Brisbane ¹	1 Day
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

CNY BLANK SAILING PROGRAMS FOR AU/NZ SERVICES

Per our notice issued last week, this year's Lunar New Year will commence on 22 Jan, with many factories closing for celebrations. Production will be impacted, and factories are busy trying to get the stock out before they shut down, in some cases for as long as two weeks.

Most carriers expect a low lifting in volumes and have planned to **slide or blank sailings to Australia** during the CNY period.

There are no planned blank sailings for New Zealand tradelanes from China, though vessels are still being delayed due to terminal

congestion in various ports across NZ.

There have been slight changes from our previous summary of BLANK / SLIDE plans. You can find an updated version [HERE](#)

This is a very fluid matter, with further changes likely. Due to the number of blank sailings over the coming weeks, we anticipate significant delays and rolling of cargo as carriers try to reduce overall capacity. Your Kerry Logistics Representative will be in touch accordingly should your shipment be impacted.



NEW SERVICES AND SERVICE CHANGES

New ANL SEA to Australia Services

ANL has announced it will launch three new services connecting key South East Asian and Australian ports.

The current AAX1 and AAX2 services will be terminated with the launch of the AAX- S, AAX- E and AAX- W. These three new services will continue to support the Australian & South East Asia trade.

The services will commence operation from March 2023.

AAX- S Service

This service will connect Port Kelang, Tanjung Pelepas and Singapore with Melbourne, Sydney, Adelaide and Fremantle.

The rotation will be serviced by seven 8,500 TEU vessels.

AAX- E Service

This service will rotate through Tanjung Pelepas, Singapore, Brisbane, Sydney, Brisbane and back to Tanjung Pelepas.

The rotation will be served by six vessel service each with 5,700 TEU capacity.

AAX- W Service

This service will call Port Kelang, Singapore, Fremantle through to Port Kelang.

The rotation will be served by three dedicated ANL vessels each with 1,800 TEU capacity.

ZIM NZ: N2A Service Change

ZIM New Zealand has advised the addition of Napier and Port Chalmers to their N2A Service.

This exciting development complements their existing coverage of Auckland, Tauranga and Lyttelton.

Adding Napier and Port Chalmers to ZIM's service will offer more choices and connections between New Zealand, Australia, the Far East, North America and beyond.

With all vessels calling Napier, and alternating calls between Tauranga and Port Chalmers.



EU AND UK IMPORT CONTROL SYSTEM 2 (ICS2)

To comply with the new requirements, effective 01 March 2023, airlines will require us to provide the FWB and FHL for cargo consignments bound for EU and UK destinations.

As part of the process, it is a mandatory requirement commodity HS codes are declared on the FWB/FHL. Please provide our export air team with respective HS codes for all EU/UK bound airfreight from 01 March onwards to ensure efficient processing. Our customs team will gladly assist if you need clarification on the correct HS codes for your shipments.

The European Union is implementing a new customs pre-arrival security and safety programme, underpinned by a large-scale advanced cargo information system – Import Control System 2

WHAT IS ICS2?

ICS2 is a new IT system created to collect data about all goods entering the EU before arrival.

Economic Operators (EOs) will have to declare safety and security data

to ICS2, through the Entry Summary Declaration (ENS).

The system aims to better protect Europe's single market and its citizens with new customs safety and security measures. It will facilitate the free flow of trade through improved data-driven customs security processes adapted to global business models.

OCEANIA INLAND UPDATES

Auckland: Detention, Demurrage & Dehire [Update]

Further to our [notice](#) on 11 Jan relating to limited booking availability or, in some cases, the inability of empty depots to accept containers, we have since been advised that cartage carriers now require a minimum of 72 hours notice for empty collections.

If you cannot store container/s on your premises until a dehire slot has been confirmed, additional charges will apply for an empty hub collection and storage. Your dedicated customer service representative will provide costings should this be required.

Patrick Terminals Australia: Notice of Intention to change Landside & Ancillary Charges

Patrick has completed a review of its Landside charge and other Ancillary Charges. The Landside charge partially recovers costs associated with providing Patrick's landside operations and is essential to enable Patrick to continue to provide superior and efficient landside service levels.

Patrick is currently embarking on a significant investment program with \$220 million invested over the past three years and a further \$80 million committed in the year ahead (\$300 million in total) to support continued efficient landside service levels. This investment program enables significant productivity benefits for landside customers, the container supply chain, and Australian consumers.

The Landside charge recovers a portion of the costs that relate to:

- Capital investments and commitments made to infrastructure that supports our landside operations
- Maintenance and operational costs associated with providing their landside operations and

- Property and property-related costs

The changes will come into effect from 06 March 2023 and are intended to apply to full containers that enter and leave Patrick's terminals. We will provide further updates accordingly once the changes have been finalised.

Melbourne West Gate Tunnel Project

Per our latest [update](#) issued earlier this month, the eastbound lanes of Footscray Road the Dock Link Road intersection are now closed and will not reopen until early April 2023.

Simultaneously, as part of the Port of Melbourne's Port Rail Transformation Project (PRTTP) being constructed by Seymour Whyte, the southbound slow lane on Dock Link Road will be closed until (approx.) March 2023, and the westbound lanes of Coode Road from Dock Link Rd to Phillipps Road are set to close from Monday, 23 January 2023.

These road closures and restrictions will significantly impact heavy vehicle access to the Swanson Precinct at the Port, as well as detours for heavy vehicles needing to access Port facilities at the western and eastern end of the Swanson Precinct.



REMINDER OF CHANGES TO AU BIOSECURITY COST RECOVERY

As previously notified in our November Newsletter, the Department of Agriculture, Fisheries and Forestry (the department) will be increasing the Full Import Declaration charge for sea cargo (Sea FID) for each declared consignment arriving by sea from \$49 to \$58.

This change has now commenced and was effective from 16 January.

The purpose of such an increase is to recover the cost for the department's increased efforts to manage the threat of hitchhiker risks and to work with the industry to design and introduce innovative ways to profile risk better and enable more rapid screening.



INSIDE KERRY LOGISTICS

KLN Recognised for Achievement in Investor Relations and ESG

Kerry Logistics Network is honoured to be recognised for its outstanding achievements in investor relations ('IR') and Environmental, Social and Governance ('ESG'), receiving the Best in Sector: Industrials and the Best ESG Materiality Reporting (small to mid-cap) accolades from IR Magazine's Greater China Awards 2022, as well as the ESG Leading Enterprise Awards 2022 from Bloomberg Businessweek/Chinese Edition for the fourth consecutive year.

IR Magazine's Greater China Awards honour leading individuals and companies with exceptional IR performance. The

Awards are voted by hundreds of analysts, investors and a panel of judges comprising investment professionals and IR Magazine editorial members, representing an effective and extensive sample of opinions from the investment community in Greater China.

Bloomberg Businessweek/Chinese Edition's ESG Leading Enterprise Awards is organised by international business publication Bloomberg Businessweek/Chinese Edition in collaboration with Deloitte to commend outstanding companies whose excellent performance reflects how ESG ecosystems are incorporated into and drive their development strategies.

Read the full release [HERE](#)

2022 Christmas Donations

Pre-Christmas last year, New Zealand's Middlemore foundation and Kidsfirst ran a Christmas drive, donating a combination of food packs and presents for nearly 300 families in need across South Auckland. Kerry Logistics donated and helped coordinate the gifts, with volunteers from our Auckland team delivering them to Middlemore Foundation. This was a great way to end the year on top of our continued support for other Middlemore Foundation initiatives throughout 2022.

In Australia, we again decided to provide financial assistance to The Smith Family's Toy and Book Appeal, which went towards providing gifts to 27,000 children from families facing economic hardship.

We look forward to further supporting these organisations, which will remain our key charity partners in 2023.





INDUSTRY NEWS

AUSTRALIA'S MARITIME LOGISTICS SYSTEM - PRODUCTIVITY COMMISSION INQUIRY COMPLETED

The Australian Government has released the Productivity Commission's final report into Australia's Maritime Logistics System, which you can find [HERE](#)

key points from the report are as follows:

Higher productivity at Australia's container ports is achievable and would deliver significant benefits.

- Considerable variation in performance both within and across Australia's container terminal operators points to potential productivity gains from more consistent (high) performance.
- Inefficiencies at Australia's major container ports directly cost the Australian economy about \$600 million annually. Ports also have significant indirect impacts on Australian businesses and consumers, with any sustained disruptions to imports or exports magnifying these costs across the economy.
- Faster turnaround times are good, but not at any cost. Australia's major container ports rank poorly in work that just looks at ship turnaround times. However, international ports with the fastest turnaround times have considerably more capital than they need to handle current throughput efficiently. Using more capital in Australia would reduce ship turnaround times but raise costs; the outcome would not necessarily be efficient.

Infrastructure needs in the maritime logistics system are being addressed.

- Container port operators are investing to accommodate bigger ships, as are operators

in other parts of the marine logistics system. There is no need for government intervention to encourage the use of bigger vessels.

- Plans are in place to increase the share of freight moving to and from most major container ports by rail over the coming decades. Any further government investment needs a clear cost-benefit assessment.
- All state governments have freight and transport strategies that cover future port infrastructure needs. Evidence does not suggest that more plans are required, or existing plans will not be implemented.

Adopting technology at Australia's container ports is broadly in line with international practice.

Workplace arrangements lower productivity – incremental changes to the Fair Work Act are needed.

- Disruptions during recent enterprise bargaining imposed high costs on businesses dependent on maritime freight. The Government has amended the Fair Work Act to limit intractable bargaining, but more effective remedies are needed to reduce industrial action that harms consumers, importers and exporters.
- Limits should be placed on clauses in container terminal operators' enterprise agreements that are highly restrictive and constrain workers and equipment deployment.

Lack of competition in some parts of the maritime logistics system means consumers pay too much.

- Transport operators have no choice about which terminal they use when picking up or dropping off a container; hence, they must pay whatever price a terminal operator sets. Recent rapid increases in terminal access charges (TACs) have flowed through to cargo owners (and consumers). Voluntary protocols to address terminal operators' abuse of market power should be strengthened.
- Transport operators and cargo owners are paying fees to shipping lines for the late return of containers even where the delay is because empty container parks are full. The exemption for shipping contracts, which means that these fees fall outside the scope of Australian consumer law, should be removed.

Concerns about domestic shipping capacity and training can be met through modest measures.

- The resilience of Australia's maritime supply chain could be improved by reforms to coastal shipping and repealing Part X of the Competition and Consumer Act.
- It is optional for Australian-flagged vessels to meet maritime skill requirements. If skills shortages were to occur, these are best addressed by cadetships and skilled migration

Source: Freight & Trade Alliance (FTA)