



TVS SCS OCEANIA

NOVEMBER 2021

Market Update

Dear customers,

We're committed to partnering with you to support your supply chain needs. TVS SCS has the network and scope of services to offer you solutions to keep your business moving.

Ocean freight:

The port congestion issues in China have seen a sharp reduction. The reasons for this relief are:

- Quick recovery from challenges created by Typhoon Chanthu;
- The Golden Week break has allowed the port to clear some backlog; and
- The power outages in China have impacted the export volume in China.

Australia main ports continue to experience congestion (see pg. 3 for more details). For example, VICT in Melbourne is currently at 11 days delay at the terminal.

Container spot rates appear to have plateaued, thanks to carriers' intervention to not levy any further rate rises over the next few months. But this does not guarantee that there will be no spike in spot rates. Strong demand, low supply and port congestions at major ports across the globe still remain the most significant issues.

In New Zealand, high demand for both import and export space and import equipment shortage continues. Customers are advised to book early – 6-8 weeks in advance if possible. While Auckland port congestion is easing, we continue to see vessel omissions on trans-Tasman cargo due to the impact of severe port congestion in the USA West Coast.

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Note: These are based on our market experience and expertise. For more details, please discuss your needs directly.



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Airfreight:

From 1st November: Qantas and Singapore Airlines (SQ) will increase the number of international flights to Sydney. More flights expected as restrictions ease for rest of Australia.

- SQ expected to deploy A380 routes between for the Singapore-Heathrow route, The daily A380 Singapore-Sydney route to be reinstated from 1st December.
- Singapore to open travel bubble with Australia, bringing more freight capacity options.
- Qantas and Hawaiian Airlines resuming flights between Sydney and the Pacific Islands, incl. Honolulu.
- This will bring options for the USA route and potential relief for a supply chain under immense pressure, by adding much-needed capacity back into circulation.

Ocean freight challenges have resulted in some shippers opting for airfreight as alternatives. We advise booking early as any available capacity are booked quickly. Holiday season consumer demand continues to put pressure on capacity.

Despite recent COVID-related challenges slowing down operations at Melbourne cargo terminal operators, with the return to international flight travel increasing in coming weeks, the industry may see some relief. Additionally, with passenger ticket purchases returning, airlines may move away from relying on freight rates as sole sources of revenue.

In New Zealand, the government has further extended to March 2022 its Maintaining International Air Connectivity scheme to ensure regular international service schedules during COVID-19 border closures. Capacity will continue to tighten as Christmas approaches.

Australian Customs:

BMSB Season kicked off 1st September 2021. New seasonal measures will apply for goods shipped between 1st September 2021 – 30th April 2022 (inclusive). Due to detections of live BMSB in previous seasons of airfreight consignments, air cargo arriving between 1st September 2021 – 30th November 2021 (inclusive) from USA and Italy only.

New format for Packing Declarations have been in place since 1st August 2021. Importantly, the Australian Department of Agriculture, Water and the Environment (Australian Quarantine) will no longer accept a packing declaration issued by a supplier who is not in the same location/country where the goods are packed.

Peru has entered into the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), effective 19th September 2021. CPTPP has already been in force for Australia, Canada, Japan, Mexico, New Zealand, Singapore and Vietnam. CPTPP has not yet entered into force for Brunei, Chile and Malaysia.

For more information about these updates, please speak to your TVS SCS Customs expert for more information.

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Land-side and transport logistics:

Sydney warehousing market

The Sydney warehousing market has experienced an unprecedented demand, where many providers of covered pallet racked space are at capacity. This is closely linked to the current pallet shortage (see below for more details).

Casual labour in warehousing is in short supply in recent months. With the Australian Government's disaster relief payments winding back, this shortage is expected to ease through the end of this year.

Stop work action at Australian ports

Patrick's terminal is suffering from continued PIA resulting in congestion at ports and causing delays with moving containers off the wharf.

Empty container parks

Dehiring empty containers is continuing to be challenging particularly in VIC, NSW and QLD with all parks experiencing delays.

With the combination of peak volumes, industrial action and delays in dehiring of containers all putting pressure of detention free days.

COVID-19 related challenges

This is still causing unplanned leave and high levels of absenteeism as positive COVID-19 cases and community exposure are still a significant issues particularly in VIC and NSW.

All major stevedoring companies and dehire parks have been impacted at one stage or another in the past months leading to shutdowns and delays.

National pallet shortage

Chep and Loscam are unable to keep up with current demand due to:

- Ongoing stock level growth, leading to the demand of pallets outstripping supply.
- Once released, pallets are being held in the market longer than usual which is resulting in fewer pallet returns.
- A worldwide shortage of timber impacting the ability of pallet manufacturers to produce more pallets.
- A stressed and congested global supply chain, with long waiting times for timber shipments.

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