

ROHLIG EXPERTS-LOG

Röhlig UPDATE
LOGISTICS

Röhlig Australia and New Zealand Market Update – July 2022

July 2022

Dear Valued Customer,

Welcome to the Röhlig Australia July 2022 Market Update. We will continue to be in contact with you, letting you know what is happening in the world of freight forwarding and logistics. If you have any questions and would like to address them, please send them to rohlig.australia@rohlig.com. We appreciate your suggestions and feedback. You can also download a PDF version of the Röhlig Australia and New Zealand Market Update – July 2022.

AIR FREIGHT

Oil and Jet fuel prices begin to take a breather...for now.

Airlines have begun to make a little more headway into flight arrivals. Staffing discussed in our last newsletter is still a limiting factor, with a crew, pilots and ground handling in short supply. If you are considering travelling domestic, Qantas has the smallest lines at the moment. Jetstar and Virgin passenger terminals are still often out the door with security lines.

Some good news is that we have seen about a 20% uptick in flights in Q2 this year. That puts us at around 50% of pre-covid levels and some way to go before we see real competition open up in the passenger and freight market, however, it is now positively heading in the right direction. ([Sydney Airport – International flights](#))

We have seen some sporadic lanes benefit, ex Europe into Perth for one, however, many major lanes are still stubbornly holding strong.

Positive news on Oil and Jet fuel, with the Oil pricing now dropping below 100 USD per barrel.

We've seen adjustments start to come through, and expect noticeable drops in fuel surcharges over the next three weeks.



(Source: <https://www.tradingview.com/chart/?symbol=TVC%3AUSOIL>)

Australia

Passenger flights as above have seen an uptick since our last newsletter, potentially easing some lanes short term, which could come in the form of fuel drops and/or rate drops.

Inbound freighters are all full; inbound passenger flights are full or near full. Terminal side staff shortages are still real, and are having an impact on door to door delivery times.

Please send anyone in need of employment to the nearest freight terminal, as it will help all of us.

New Zealand

New Zealand is still operating with heavily restricted flights inbound, choking critical routes. Qantas wide bodies have begun from Melbourne late June in addition to the Sydney flights, and will stick around for the medium term as passenger numbers look good. We are now operating aircraft units again in that sector as a result.

Ultimately NZ is behind AU in the on-boarding of flights for a myriad of reasons, chief is just the sheer distance from most airline hubs, plus low demand on passengers. With little freighter support, it will take more time until we see space freeing up.

There has been an uptick in air cargo brought into Australia then moving sea freight to NZ. There are some savings over pure air for this option. Please [get in contact](#) with your Account Manager or Customer Service Representative for more information.

Asia

- Asia rates continue to be highly volatile. Yield management with Asian carriers heavily affects rates, as they balance demand from cargo transshipping from other parts of the world to AU, and this keeps the rate market incredibly dynamic.

- Asian routes will be the last to settle down into normality as we see greater flights arrive.

- Shipments are generally on a spot basis, with cargo density being a big factor as carriers try to maximise KG on their passenger craft. [Contact us for any shipments you have](#), and we'll look at the best options for you at the time.

USA

- US space remains heavily restricted. However, some additional space has opened up on the west coast, which is being soaked up by the drop-off in carriers running via Asia.

- We expect the US market to remain restricted until mass flights begin across the pacific, plus the return in carriers via Asia, particularly Cathay Pacific. From our earlier discussion, airlines need staff and they need them now.

- Qantas freighters, servicing New York, Chicago and Los Angeles, are at maximum utilisation, with costs running high on these flights, however, they remain effective in moving volume.

- Airline and terminals' staff shortages are putting huge demand and increasing costs on American cargo. We are trying to minimise effects on this.

For now, the status quo remains on space and costs, with the US potentially becoming unstable in Q4 for both rate cost and space. Get your Q4 orders through earlier rather than later.

Europe

- Europe has been relatively steady, however positively also one area which we are now monitoring for rate movements heading into the summer break. As mentioned, Perth costs have eased. No movement yet on the east coast however we are monitoring very closely.

- Volume in June and July has been strong, we expect some ease through August before heading into the end of year silly season.

For more information about our Air Freight services, please click [Rohlig Air Freight](#).

SEA FREIGHT

Oceania

Maersk has announced the launch of a dedicated New Zealand coastal service, the 'Maersk Coastal Connect', which will bring much-needed schedule resilience, flexibility and coverage to the New Zealand supply chain.

In addition to this, Maersk's 'Southern Star' service will also reinstate a weekly Brisbane call on her rotation after South East Asia Ports, commencing mid-July. These two new offerings will help alleviate port congestion and delays at New Zealand ports.

ANL has announced the launch of a new Trans-Tasman service, the ANZ Shuttle. Connecting Brisbane with Noumea and Tauranga, sailing from Brisbane on 6th August. This new service will provide additional capacity to support the increasing demand for imported and exported goods and enable the consistent movement of freight to service the Australian and New Zealand market with further transshipment connections in Tauranga.

[Please contact us for more info.](#)



Asia

China

Carriers have started to accept hazardous containers into Shanghai. Delays can still be expected in shipments to/from Shanghai due to ongoing limited trucking capacity, vessel delays, high congestion, and delays to clear the backlog of containers. We are doing our best to avoid any unnecessary delays. Carriers continue to pass on significant increases in fuel surcharge as a response to the increasing cost of fuel, which are being reflected in the BAF/IMO rate increases in August 2022.

Covid flareups are being reported across the world's most populous nation, with a three-day mass testing of millions of citizens in Shanghai underway, the 13m people in the northwestern city of Xian back under partial lockdown and growing numbers of cases reported in the capital, Beijing.

Japanese bank Nomura has estimated that at least 114.8m people are under full or partial lockdown nationwide as of Monday, a sharp jump from last week's 66.7m.

With the lifting of Shanghai's two-month-long lockdown last month, there was speculation that China's leadership might ease its zero covid policy. What has emerged in the intervening weeks is a more dynamic, localised approach to stamping out flareups, with housing compounds or municipal districts targeted rather than city-wide clampdowns.

"Even if there are more lockdowns, we expect these to be a lot more localised than the ones in March to May, as the government is trying to balance controlling COVID and growing the economy," a new report from Dutch bank ING speculated.

China's strict covid policies have seen manufacturers increasingly talk up prospects of moving factories elsewhere, both to nearby Asian countries as well as back to Europe and the US. The construction of new manufacturing facilities in the US has soared 116% over the past year, dwarfing the 10% gain on all building projects combined, according to new data from Dodge Construction Network.

Greater China

- Ports are largely operating 'normally' under the Covid-related restrictions including regular testing for personnel.
- Blank sailings continue as shipping lines aim to get capacity under control.
- FEWB space from main ports remains an issue.
- Röhlig Taiwan reports space issues, with the majority of FCL from Taiwan to the Middle East fully booked until the end of July. Approximately half of TPEB sailings are blank this month, as well as ¼ of FEWB sailings.
- In addition, Röhlig Taiwan reports that some carriers are implementing a heavy-weight surcharge for 20' FCL cargo weighing over 10 tons.

South Korea

- Following the trucking strikes last month, there is an approximate 60% increase in workload rolling over into July, rendering inland transportation scarce.
- Although no major cities in China currently remain under lockdown, the recovery from the knock-on effects in Korea is still ongoing.
- Ongoing fuel surcharges.

Singapore

- Ongoing congestion at transshipment hubs. The possibility of a missed connection remains high.
- 2–3 weeks rollover remains for transshipment at Singapore on selective trade.

Thailand

- Holiday notice from July 28-31 due to H.M.King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua's Birthday on July 28. Customs will be closed.

India

- Currently no severe delays at any gateway ports or ICDs.
- Congestion at Bangladesh terminals impacting services.
- Some shipping lines have revised their Inland Tariff upwards, effective August 1, 2022.
- Some shipping lines have started blanking services at alternate ports for services calling Europe ex India:
 - There will be a weekly alternating omission of Nhava Sheva and Mundra in India until third week of August.

- MV Kyoto Express V2216E/V2324W will omit Mundra, India, and imports will discharge in Jebel Ali, UAE for connection to their final port of delivery.
- MV Sofia Express V2217E/V2325W will omit Karachi, Pakistan, Nhava Sheva and Hazira in India. Imports will discharge in Jebel Ali, UAE for further connection to their final port of delivery.
- MV Sofia Express V2217E/V2325W will omit Karachi, Pakistan, Nhava Sheva and Hazira in India. Imports will discharge in Jebel Ali, UAE for further connection to their final port of delivery.
- The planned omission of Hazira, India will continue until the third week of August.
- Planned omission of Vizag, India will continue until mid-August (IEX).
- There will be no sailing from Nhava Sheva, India (southbound) on August 4, 2022, and from Mombasa, Kenya (northbound) on July 14, 2022, and August 18, 2022.
- Please be advised that bottlenecks are expected.

Röhlig can now gateway shipments ex South India via Nhava Sheva. Learn more by [contacting your Röhlig representative](#).

USA

Ocean Shipping Reform Act

On June 16th, 2022 President Biden signed the Ocean Shipping Reform Act into law. The law will level the playing field for American exporters and importers by providing the FMC (Federal Maritime Commission) the tools it needs for effective oversight of international ocean carriers. These oversight and enforcement tools will help the FMC eliminate unfair charges, prevent unreasonable denial of American exports, and crack down on other unfair practices harming American businesses and consumers.

Container Dwell Fee Update

The ports of Los Angeles and Long Beach announced that consideration of the "Container Dwell Fee" was hold off until July 15th, 2022. The port authorities have stated "the fees collected from dwelling cargo will be reinvested for programs designed to enhance efficiency, accelerate cargo velocity and address congestion impacts".

West Coast Labor Contract Renewal Highlights

The negotiation for a new labor contract for more than 22,000 U.S. West Coast port workers will continue after the agreement expired July 1st, 2022. The agreement covers 29 Pacific Coast ports stretching from California to Washington state, which handles almost 40% of U.S imports. Any slowdowns or stoppages could roil the nation's already battered supply chains, stoke inflation, and exacerbate pressure on a weakening economy. "While there will be no contract extension, cargo will keep moving, and normal operations will continue at the ports until an agreement can be reached," the Pacific Maritime Association (PMA) employer group and the International Longshore and Warehouse Union (ILWU) said in a joint statement. "Both sides understand the strategic importance of the ports to the local, regional and U.S. economies, and are mindful of the need to finalize a new coast-wide contract as soon as possible."

We also recommend:

- [US port congestion set to worsen as rail and truck strikes loom](#)

Europe

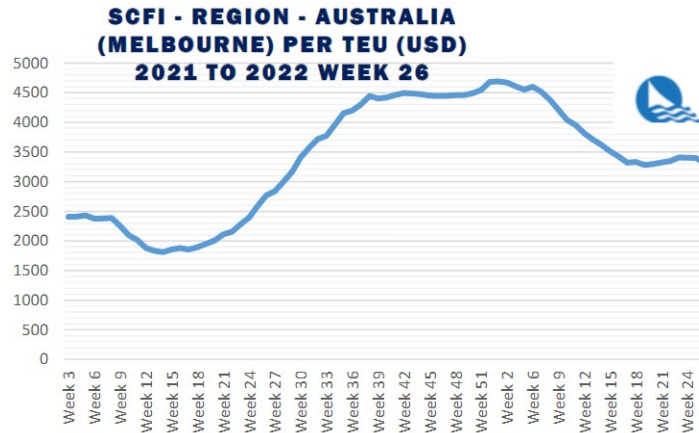
In Europe, negotiations in Bremen between the dockworkers union and the Central Association of German Seaport Companies (ZDS) have broken down. New strikes are expected to impact Bremerhaven, Hamburg and Wilhelmshaven – road, rail and sea cargo.

Port strikes in Northern Europe, namely Hamburg, Bremerhaven, Antwerp and Rotterdam, are also causing port congestion and backlogs, which continues to cause disruption in this region.

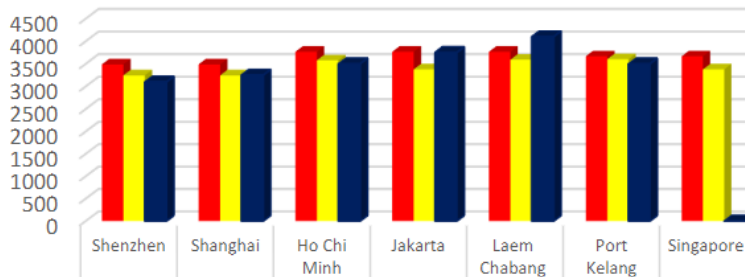
Consumer spending continues to be impacted by increasing food and energy costs and a recession seems to be on the doorstep.

Asia to ANZ

Shanghai Containerized Freight Index

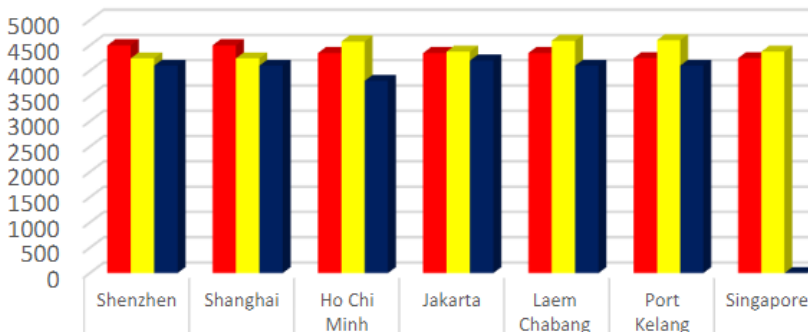


FAK rate to Australia Base Ports 1-14 Jul 2022



**As a comparison over 3 carriers*

FAK rate to New Zealand Base Ports 1-14 Jul 2022



**As a comparison over 3 carriers*

Port Congestion

 Port of Sydney, Australia, AUSYD 6 days	 Wellington, New Zealand, NZWLG 8 days
 Melbourne, Australia, AUMEL 1 day	 Lyttelton, New Zealand, NZLYT 7 days
 Brisbane, Australia, AUBNE 8 days	 Auckland, New Zealand, NZAKL 10 days
 Fremantle, Australia, AUFRE 1 day	 Tauranga, New Zealand, NZTRG 4 days
 Botany, Australia, AUBTB 3 days	 Napier, New Zealand, NZNPE 14 days
 Dampier, Australia, AUDAM 4 days	 Port Chalmers, New Zealand, NZPOE 3 days
 Adelaide, Australia, AUADL 0 day	 Nelson, New Zealand, NZNSN 1 day

*([Port Congestion: Real Time Worldwide Port Congestion Status - GoComet](#))

We also recommend these articles:

- [Shanghai Covid scare raises spectre of further lockdown disruption](#)
- [Global boxport congestion sets fresh record highs](#)
- [Platform launches to optimise and stagger arrival times for vessels travelling to the same port](#)

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Contact **Kevin DCunha** at (02) 8781 8968, email kevin.dcunha@rohlig.com or contact [your local Rohlig Representative](#).





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Thank you for your ongoing support of Röhlig Australia and New Zealand. We will continue to keep you updated, however should you have any questions relating please do not hesitate to [contact](#) your Röhlig Account Manager or Customer Service Representative.

The Team at Rohlig Australia and New Zealand

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