

RÖHLIG EXPERTS

Röhlig UPDATE
LOGISTICS

Röhlig ANZ News and Market Update

02 August 2024

Dear Valued Customer,

Welcome to Röhlig ANZ 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.

AIR FREIGHT

Global

E-commerce is booming!! With large E-commerce players like Temu and Shein, we have watched it rise over the last 12 months and recently have started to see it accelerate in growth – causing the peak market of global volumes to start months ahead against previous years. Additionally, with Sea freight issues out of China, along with vessels sailing around the Cape of Good Hope, we are starting to see more Sea shipments, converted to Air. Collectively, this has limited the space availability around the world – particularly East to West. With the largest airfreight market being China to Europe or China to USA, we are starting to see rates increase to 10 USD/kg, drawing freighter capacity toward China to take advantage of those rates.

Read more: [Sustained demand for e-commerce to lift 2024 air cargo market: forwarders](#)

Recently, Air France-KLM had confirmed their Boeing 747-400 freighter will be removed from Latin America, and will support the service between Amsterdam and Hong Kong. This is all due to the high shipping demand from E-commerce retailers.

Read more: [Air France-KLM shifts cargo jets from Latin America to Hong Kong - FreightWaves](#)

What does that mean for our local market?

Airlines will start to shift their flight plans and Australia/New Zealand will be serviced less and less towards the back end of the year. Already, Qatar Airways have chosen to discontinue their freighter service into Melbourne from August 31st. This will put pressure on space availability through Q3 and Q4. Consequently, days of the 'super cheap costs' will be no longer after August, especially once more freighter capacities start pulling out of Australia. The local Air market is forecasting a difficult Q4 despite the fall of Australia's third largest airline.

Read more: [Australia's third largest airline Rex enters voluntary administration | news.com.au — Australia's leading news site](#)

Fortunately, Röhlig is well positioned with the strategic capacity we have in place - our freighter networks indicate to remain stable over Q3 and Q4. We are aware the challenges that may arise once space is squeezed and expect competitors to be hunting around, only to put pressure back onto the market.

Currently, August looks to be calm and anticipate from September onwards will be very demanding. We recommend to have your orders put in place early, as it will become challenging in toward the end of the year.

Routes directly into New Zealand, will also become slim. With E-commerce taking over, it won't not be long before E-commerce floods transhipments via Australia. Although, Röhlig is well positioned, we predict this may become difficult once the orders increase and space become scarce.

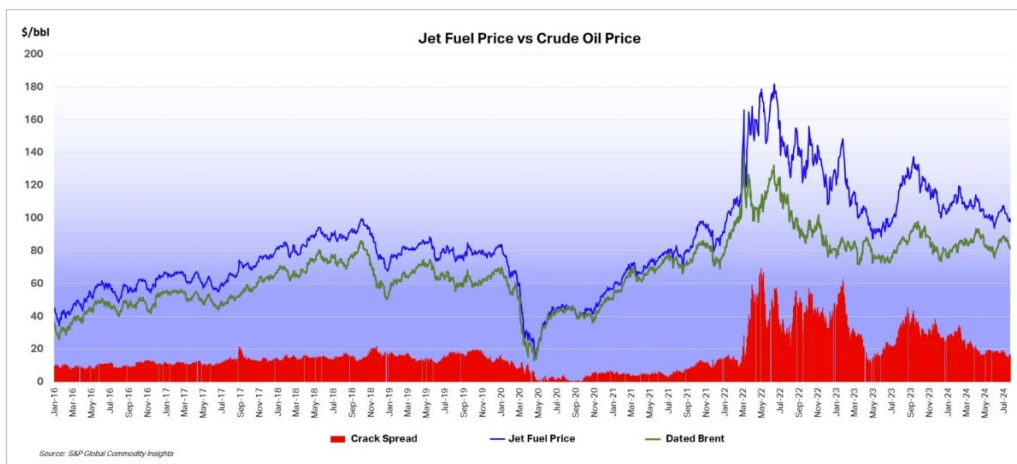
Oil and Jet fuel prices

Crude oil is trading at US \$75/barrel – this is currently 'cheap' and expect to remain that way as minimal trading happens during the European holidays. Despite economically the world is not running well, we expect the fluctuations to tighten and slowly move upward in price.

Jet fuel is tracking similar and closer to the price of Crude oil.



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



Source: <https://www.iata.org/en/publications/economics/fuel-monitor/>

For more information about our Air Freight services, please click [Rohlig Air Freight](#), call your local account manager or [our friendly Team](#).

SEA FREIGHT

Oceania

A few changes on the Trans-Tasman loops from a couple of carriers will mean enhanced services and improved port coverage between Australia and New Zealand. However, it will come at a price as ANL announced a GRI on their ANZ Shuttle service ex. Brisbane to New Zealand and ex. New Zealand to Brisbane. MSC will also deliver an improved service on their Noumea Express service with the addition of Tauranga and Nelson calls.

As far as space is concerned, we still have plenty of space available with our core carrier partners on both East-bound from AU to NZ and West-bound from NZ to AU at great rates. For any further information please contact your local Rohlig representative.

New LCL Consol offering

We are pleased to advise that Rohlig now offer a direct LCL consolidation service from Adelaide to Auckland!

Our first shipment is departing this week from Adelaide and we are taking bookings now for the next sailing.

Please find more details in the flyer - [HERE](#)



Asia

As we approach the second half of 2024, we continue to face uncertainty on rate levels, available capacity, equipment shortages and the threat of continuing global geopolitical events. Right now, the most pertinent question on everyone's mind is what is the outlook for the rest of the year?

Firstly, it must be noted that what is being touted as our 'new normal', the issues in the Red Sea, is unlikely to ease this year. Whilst Oceania-bound vessels have been sailing around the Cape of Good Hope since January, ships in other markets such as Europe to Middle East and Indian Sub-Continent are still traversing the Suez Canal in convoys under guard. However, this has not alleviated the threat of attacks from Houthi militants; in fact, their threat of attacks on commercial ships has intensified in recent weeks. An attack on the *Maersk Sentosa* in the Gulf of Aden is the first confirmed in July. Since November, the Houthis have employed a variety of tactics, including missile launches, drone attacks, and the use of unmanned surface vessels in their campaign demanding an end to the Israel/Gaza war.

To make matters worse, recent extreme weather at the Cape of Good Hope has caused significant delays for vessels and port operations. As a result, vessels had to wait on both sides of South Africa for conditions to improve, with an estimated delay of around three days, and a CMA CGM vessel became a casualty of the storms, losing 44 containers overboard due to high winds and rough seas.

- **Capacity constraints** in Oceania are contributing to the shipping line confidence to successfully pass through GRI/RRs every two weeks since April and the recent PSS ex. Asia and Europe to Oceania. Despite heavy order books and carriers increasing their number of ships by 24% and their global capacity by 17%, available container capacity has only increased 2% globally because these ships are now sailing over longer distances and are less productive than before the Red Sea attacks started. In our region specifically, we have to contend with larger vessels being pulled out of rotation and repurposed to more profitable trades. ANL's *APL Oregon* will be phased out of the AAXS service and will be phasing into

CMA CGM's new 'French Peak Service' in August, and last Friday MSC announced a restructure of their Asian services. Their current Capricorn and Kiwi Express services will be temporarily suspended until further notice, with their last sailings being 20th August for both services. Capacity will be reduced to Oceania with the removal of 4 vessels, and we expect it will put pressure on other lines to pick up the overflow.

- **Strong demand** led to a 'reverse peak' in what should have been our traditional 'slack' season in the first half of this year. The current market has been likened to the COVID pandemic years and nervous shippers have brought forward order volumes leading to a prolonged peak. Driving the strong demand is mostly exports from China and South East Asia to the rest of the world. Ports Australia trade data indicates a big jump in volumes from China to Australian base ports by 17.5% and a huge 23.1% increase in volumes from South East Asia to Australia between January and April this year compared to the same period last year.
- **Disruptions to operations** such as weather events, congestion at transshipment ports, containers roll pooling due to longer schedule and equipment shortages, have all had a direct impact on soaring freight rates from Asia to Oceania. Schedule reliability ex. Asia to Oceania is alarmingly at 48% for our trade. The Drewry reports that the time spent by ships waiting to berth at high volume ports increased by 43% between Q3 '23 and Q2 '24. It is now clear that operational disruptions and lower port productivity along with strong booking demand are severely constraining supply and driving freight rates up. In other regions, labour tensions are rising in German, French and other European ports and wage negotiations among port workers on the US East Coast, scheduled for September, have the potential to worsen an already bad situation.

All factors above are indicating that the outlook for the rest of the year is for a continuation of what we're experiencing now, and we foresee the market will get worse before it gets better. More blank sailing, capacity being pulled from our region and cutting of services to ensure profitability in our market. Carriers are already not honouring space commitments on Named Account contracts, reducing allocations without warning. Lower paying cargo is being bumped and space not being released in favour of cargo on premium rates. Carriers have either stopped quoting on Named Account contracts ex. Asia or are quoting at increasingly higher rates. No one is immune from the effects of the current global shipping crisis, and we need to ride it out until the market corrects itself, which we suspect will not occur for as long as vessels sail around the Cape of Good Hope.

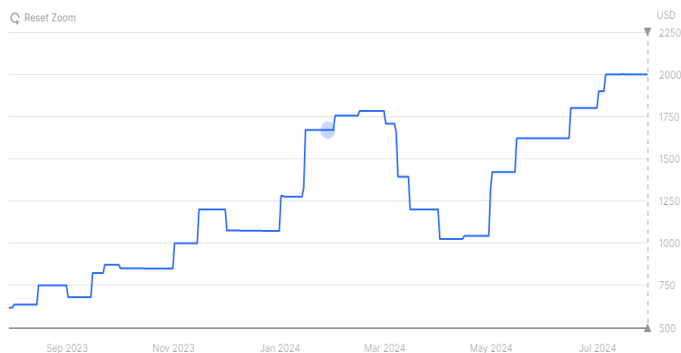
Container Rates (12 months): South East Asia and Shanghai

USD rates for 20ft container

Shanghai to Australia Main Ports

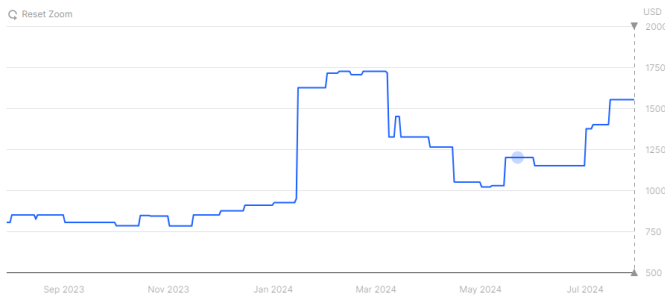
From Shanghai (CNSGH)* to Australia Main* trade lane

Days, Jul 2023 - Jul 2024 (1 year), * USD. (Edited) Restore original



South East Asia to Australia Main Ports

From South East Asia Main* to Australia Main - trade lane
Days, Jul 2023 - Jul 2024 (1 year), USD. (Edited) Restore original



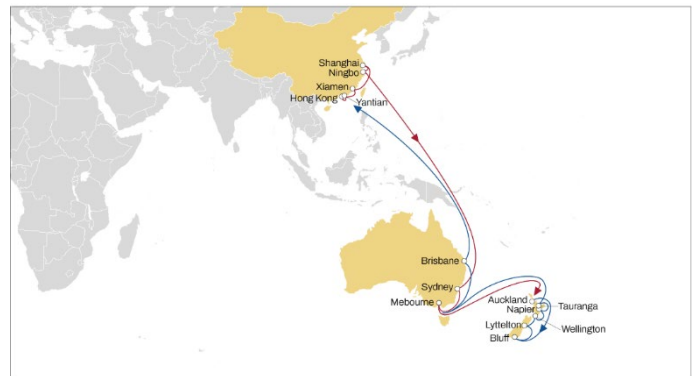
MSC reshuffles its Asia-Oceania Network - Wallaby Service

“The Wallaby service will be enhanced and reinstated as a standalone service, offering a faster and more direct connection between Australia, New Zealand and North Asia. Moreover, the revised rotation will provide a comprehensive coverage of New Zealand ports, including Bluff, and a seamless connection to our global network via our main hubs in Hong Kong, Yantian, Shanghai and Ningbo.

The first sailing is due to depart from Hong Kong on 19 August 2024 with MSC TANIA voyage KN434A.

The full rotation is as follows:

Hong Kong – Yantian – Xiamen – Shanghai – Ningbo – Sydney – Melbourne – Auckland – Bluff – Lyttelton – Wellington – Napier – Tauranga – Hong Kong”



Read more: [MSC Reshuffles its Asia-Oceania Network | MSC](#)

Kaohsiung the latest victim of Asia's container congestion contagion

“The container congestion contagion effect appears to be manifesting itself in Taiwan with a recent build-up of boxes in its main gateway of Kaohsiung.

Congestion in south-east Asia’s key ports has prompted liner operators to divert transshipment containers to Taiwan’s main container port which, in turn, placed Kaohsiung’s road infrastructure under pressure as more trucks are needed to ferry containers between terminals.”

Read More: [Kaohsiung the latest victim of Asia's container congestion contagion - The Loadstar](#)

Global

World Container Index increases 1% again

DREWRY’S World Container Index inched up 1% again this past week to US\$5937 per 40-foot container. It continues a steady increase that began in May but follows another small 1% increase reported last week.

The composite index has increased 286% when compared with the same week last year. It is 43% below the previous pandemic peak of US\$10,377 in September 2021 but remains 318% higher than average 2019 (pre-pandemic) rates of US\$1420.

Panama Canal details new reservoir project

The Panama Canal Authority has given itself a six-year deadline to complete the construction of a giant \$1.6bn new reservoir along the Indio river to help provide water security in the years ahead so that the vital waterway can maintain a minimum of 36 transits a day.

At its maximum, the canal can handle 40 ship transits a day, a figure that was eroded last year as months of record drought took their toll. In tandem, canal administrators were forced to cut maximum draft limits for ships transiting the waterway's larger neopanamax locks by close to 2 m, something that has eased in recent months as rains have returned.

Panama suffered its worst drought on record last year, forcing administrators to slash transits in half. This year it has been steadily getting back to normal as the rainy season returns. The canal will increase daily transits to 35 slots after August 5.

Read more: [Panama Canal details new reservoir project - Splash247](#)

Growing Threat of Strike Looms Over Atlantic and Gulf Coast Ports

The leader of the International Longshoremen's Association (ILA) has warned that a strike at all Atlantic and Gulf Coast ports is becoming increasingly likely as time runs out to negotiate a new contract.

With the current contract set to expire in 80 days on September 30, 2024, ILA President and Chief Negotiator Harold J. Daggett has expressed concerns over the slow progress in negotiations with the United States Maritime Alliance (USMX). He highlighted that employers represented by USMX are running out of time to reach a new Master Contract agreement, potentially setting the stage for a coastwide strike starting on October 1, 2024.

The USMX-ILA Master Contract, which was last ratified in September 2018, governs approximately 14,500 port workers on the U.S. East and Gulf Coasts and is due to expire at the end of September.

Learn more: [Growing Threat of Strike Looms Over Atlantic and Gulf Coast Ports \(gcaptain.com\)](#)

FMC Finalizes Rule for Assessing Ocean Carriers' Denial of Cargo Space

The U.S. Federal Maritime Commission (FMC), the independent federal agency responsible for regulating the nation's international ocean transportation system, has published its final rule defining what constitutes an "unreasonable refusal to deal or negotiate with respect to vessel space accommodations."

The regulation sets forth the criteria for the Commission to enforce sections 46 U.S.C. 41104(a)(3) and 46 U.S.C. 41104(a)(10) regarding the denial of cargo and vessel space accommodations by an ocean shipping company.

The rule delineates the standards for assessing whether a refusal by an ocean common carrier (VOCC) is unreasonable and thus violates federal regulations. Specifically, it differentiates between refusals occurring during the "negotiation" phase—governed by 46 U.S.C. 41104(a)(10)—and those during the "execution" phase—under 46 U.S.C. 41104(a)(3).

More: [FMC Finalizes Rule for Assessing Ocean Carriers' Denial of Cargo Space \(gcaptain.com\)](#)

TRANSPORT

This month the main issue in Perth is worsening with quarantine delays caused by staff shortages.

DP World Fremantle Terminal has announced that starting Monday, 29 July 2024, all trucks carrying full import containers must pass through the new Weigh-In-Motion (WIM) system before exiting the terminal.

Several transport providers in Brisbane report vessel bunching at the port, leading to spikes in volumes. This is impacting carriers, causing them to work weekends. This congestion is likely related to issues in Southeast Asia. Melbourne is experiencing delays at Patricks and VICT due to slow vessel discharges. Transport companies are doing their best to mitigate the issue by prioritizing the delivery of containers that have been discharged early to avoid potential detention costs.

The “Blue Screen Outage” last week affected some carriers and empty yards on Friday, but the situation now appears to be under control with the backlog clearing up

Thank you for your ongoing support of Röhlig Australia. 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 Re

The Team at Röhlig Australia and New Zealand