

ROHLIG EXPERTS



Röhlig Australia and New Zealand Market Update – June 2022

June 2022

Dear Valued Customer,

Welcome to the Röhlig Australia June 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.

AIR FREIGHT

Air cargo capacity is crunching as we look for light at the end of the tunnel.

Airlines are busy staffing for increased flights into Australia. The major factor now constricting air-cargo space and therefore costs, is a lack of industry staff. Crewing for aircraft, maintenance and ground handling is in a critical phase, which is seen most obviously in AU with the lack of baggage handlers and security staff at Australian airports, first seen in Easter and still ongoing.

[Easter bag hunt: Australian travellers left without luggage as airport staff shortages bite](#)

[Airline Baggage Handling vacancies](#)

If you've recently taken a flight, it's rare to see an empty seat, airlines are scrambling to regain staffing levels. It's not going well, with flights still ranging around 50 a day into our biggest airport Sydney, down from the normal 110 or so per day pre covid. ([Sydney Departures & Arrivals](#)). This means bellies full of passenger bags, and not much room for cargo.

We've also seen the return of the dreaded A380 as passenger numbers ramp up, which is a notoriously poor cargo carrier, taking the place of excellent 777's. This is all on top of the ongoing grounding of grounded 747 cargo carriers and a China shut down that is now only beginning to re-open after 6 weeks of hard lockdown.

This now puts us at the most challenging point in the last two years, the light at the end of the tunnel is that eventually, more aircraft will return as staff are on board, with bigger airlines currently targeting hiring at a rate of over 100 globally a day. An A380 has 26 staff on board, for example, for a single leg, plus the associated ground handling, so this is taking time.

Oil pricing is somewhere where we don't have any light just yet. We are now steadily approaching the quite violent peak of 130 USD a barrel in March, with the price at 123 USD at the time of writing. We expect another two weeks of upside on price before any relief, however, once we break that 130 USD mark the sky is, unfortunately, the limit, unless there is some serious intervention on production.



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

Australia

Passenger flights have stalled since our last update, though we do expect an increase in arrivals through Q3.

The short term outlook is not good, though we are anxiously awaiting more flights in Q3 and what development that will bring in Q3 for rates.

Inbound freighters are all full, inbound passenger flights are full or near full. The very serious domestic problem we have is in a lack of ground handling staff. With very low unemployment figures, they are hard positions to fill. The end result is congestion both on passenger and cargo handling, we are working locally with terminals to mitigate this as much as possible

New Zealand

There is still (still!) little change for New Zealand, with heavily restricted flights inbound, choking critical routes. Qantas wide bodies will begin from Melbourne late June in addition to the Sydney flights, if passenger demand keeps up, then they will be with us for the longer haul.

We do see a trickle of new flights planned to NZ, with Christchurch coming online in Q3 as well. Some additional flights from the Americas and from Asian hubs will potentially provide some relief.

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 still remain high and highly volatile. Chinese carriers are heavily limited on movement into ANZ. With China having a partial re-open, we may begin to see more cargo flow, however its dependant on Chinese airlines having passenger demand. Quarantine is still real in China with two weeks needed to get in, and this may continue to stifle passenger demand.
- 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 working to try and minimise effects on this

Europe

- Europe has been relatively steady over the last 2 months. No real increase in available space, with restrictions coming from full flights, matched in April by a drop in volume.
- May has seen an uptick in volume, we are managing this carefully. If you have a larger than normal shipment, reach out to us as early as you can.
- Backlogs have eased for now, though big seasonable volume from July onwards is coming, we are watching to see if the additional flights planned from airline majors will help manage this, with some freighter capacity in particular to Melbourne planned for July.

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

SEA FREIGHT

Australia

ANL announces a New Express Loop between China and Australia

Sailing from Shanghai from May 31st the A3X Service offers an express loop between China and Australia calling Shanghai, Shekou, Brisbane and Sydney. Rohlig is now happy to offer this service to our customers, which will provide the most comprehensive port coverage to/from North East Asia into Australia's east coast. The service will run with 4200 TEU capacity vessels operating on a 35 day round trip. Please [get in contact](#) with your Account Manager or Customer Service Representative for more information.



A3X Transit Time

From/To (Days)	Shanghai	Shekou
Brisbane	18	22
Sydney	14	18

From/To (Days)	Brisbane	Sydney
Shanghai	14	17
Shekou	10	13

Empty Park Capacity Issues Continue

As we are approaching the mid-year, we still continue to see issues with capacity at Empty Parks across the industry, with no sight of relief. We receive notifications from our transport partners that much more administration manpower requires now to process growing issues such as redirections, no capacity available, no slots available etc.

“ We now have staff logging on during the middle of the night an attempt to gain whatever empty park slots we can from various parks, yet as per the example below from 1.48am this morning, the cupboard is bare. This leaves us no option but to start covering our costs and charge lifts when there are no slots available.”

Furthermore, the empty park closures have impacted on our ability to hit import terminal slots due to our trucks not being able to offload the empty containers therefore having to return to our yard and will incur additional costs. Whilst transport will do all it can to minimise the impact of the above, slot cancellation and futile fees may apply, along with possible delays in de hiring empty containers.

Rohlig will and has been doing everything we can to avoid additional charges, however, there may be situations outside of Rohlig's direct control. Please contact your Customer Service Representative if you require any support.

China

Shanghai has announced a gradual reopening of transport and business starting June 1. Many residential compounds are now open, although some with Covid-19 cases may be locked down. Shanghai residents require proof of a negative Covid test taken within the last 72 hours in order to access public venues and transportation. The Röhlig team is fully operational and implementing a gradual return to the office, under local guidance. The city is classed as a 'medium-risk area'.

Beijing is still classed as a 'high-risk' area, which means that anyone travelling from Beijing may encounter further health checks and possible quarantine when travelling elsewhere in China. The Röhlig Beijing team are working in-office.

Operations

- Shanghai sailing schedules have started to recover although port congestion from the last two months will firstly need to be cleared. Sailing schedules may vary according to routing and the division of ports, and it may be 1-2 months before we see a return to normal operations.
- Delivery backlog for import LCL cargo that arrived in Shanghai during the lockdown.
- In Shanghai, an appointment is required for delivery cargo to Yangshan. The Waigaoqiao warehouse has resumed operations and no longer requires closed-loop management. The import warehouse is working through a backlog of containers from April and May. Operational efficiency may be affected by increased health checks.
- Trucking between cities and provinces often requires a Covid-19 test to be conducted within the last 48-72 hours, and in some cases special licenses may need to be obtained in advance.
- In Shanghai, both FTL and LTL still require trucking permits. Other regions may restrict the entry of trucks with Shanghai plates or recent travel history in Shanghai.
- LTL trucking from Shenzhen to Hong Kong is still in operation, but FTL trucking to Hong Kong needs to be booked 2 days in advance. Trucking services between door and airport needs to be checked case-by-case, with cost increases subject to origin and destination.

USA

The Jacksonville Port Authority (Jaxport) has completed its harbour deepening project through its Blount Island Marine Terminal. The project deepened 11 miles of the federal shipping channel – from the sea buoy to Blount Island – to a depth of 47 feet from its previous depth of 40 feet.

The 47-foot harbour provides the channel depth needed for larger ships to call Blount Island to and from destinations worldwide and allows existing ships calling Jacksonville to carry more cargo on board. Moreover, the project includes a new turning basin allowing larger vessels to turn around at Blount Island berths. In addition to the deepening, berth improvements and new cranes, more than \$70m in terminal enhancements are also underway to expand container capacity at the SSA JCT.

The total project of approximately 93 acres will be complete by the end of 2024, allowing the SSA JCT to accommodate 500,000 TEUs annually.

(More info: [Jacksonville Harbor Deepening Project complete through JAXPORT's Blount Island Marine Terminal](#))

Europe

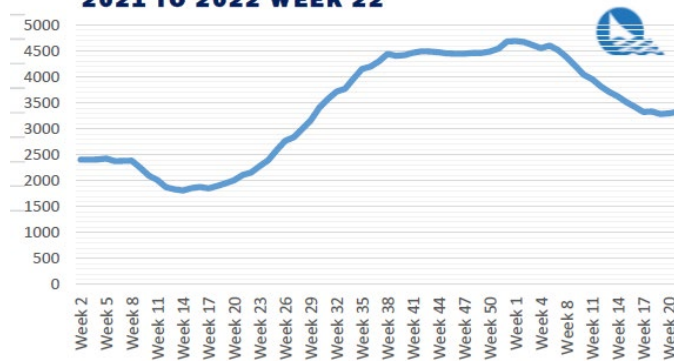
With a wave of import containers expected from Shanghai's reopening and peak season just around the corner, North Europe's box port hubs, worryingly, remain severely congested.

Huge stacks of empty containers and hundreds of frustrated export boxes have built up at the major North European hubs as carriers blanked a third of their advertised sailings during the recent two-month Shanghai lockdowns. (Read more: [North European box ports at capacity even before peak season starts](#))

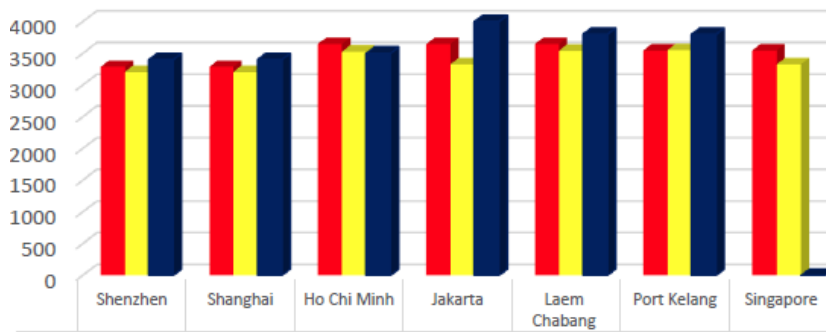
Asia to ANZ

Shanghai Containerized Freight Index

SCFI - REGION - AUSTRALIA (MELBOURNE) PER TEU (USD) 2021 TO 2022 WEEK 22

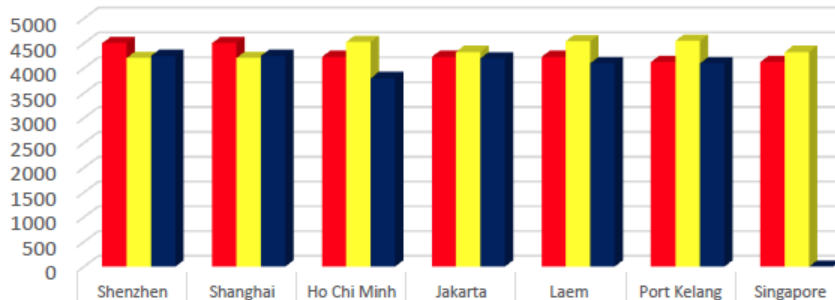


FAK rate to Australia Base Ports 1-14 Jun 2022



**As a comparison over 3 carriers*

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



**As a comparison over 3 carriers*

Customs

Ongoing Quarantine Inspection delays

Industry continues to experience significant delays with quarantine inspections.

The department highlighted that similar to most industries, recruitment and retention of biosecurity staff is an ongoing challenge.

“While reforms will continue, the reality is that extensive delays can be expected for the foreseeable future.”

Whilst not the ideal option, coming at an additional expense and perhaps at times outside regular operating hours, the department is committed to continue to support over-time including weekends, of which Rohlig are utilising whenever possible.

In the interim, we have been advised the department will be issuing another formal [Import Industry Advice Notice](#) to elaborate on the above.

Trans – Tasman FCL and LCL Service

Space Guaranteed!

We are happy to offer our customers a reliable Trans-Tasman service and exceptional rates.

Consider both [FCL](#) and [LCL](#) solutions.

- **FCL** (full container load) gives you the option of transporting your freight in a container that is provided just for your cargo. This option is good for high freight volumes or for sensitive or valuable loads. More details on [Trans-Tasman FCL service](#).
- **LCL** (less than container load) is like a consolidated container. Your goods share the container's capacities with other freight. This means you use the precise space you actually need for your freight. We would be happy to help you choose the right option for your delivery. More details on [Trans-Tasman LCL service](#).

Our guaranteed container space and equipment mean you can plan and forecast your supply chain with consistent reliability while we are delivering your cargo on time and within budget.

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

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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