

ROHLIG EXPERTS

 Röhlig LOGISTICS UPDATE

Röhlig Australia Market Update – May 2023

May 2023

Dear Valued Customer,

Welcome to our May issue of 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

Oceania

Additional Asian routes have opened up some slow and cheerful services, which is also having an impact on the general rates seen in the market. We are seeing the benefit of this through Europe/USA and Asia into Australia.

While passenger numbers are on the rise, we aren't seeing a huge stampede of aircraft coming back into Australia, if you've taken a flight recently, you'd notice they are very full. At this point, the market will take delayed, converged flights, and this means airlines will cancel or change aircraft type to keep full and stay away from discount tickets.

On a positive note, freight invoices are getting smaller, and we expect further cost drops over the next quarter. With the inflation experienced over the last 3 years, we don't know if we will see a 2019 floor in prices, however, we are going in the right direction.

In local airline news, Qantas is certainly stretching its legs further with more new and information coming out on project sunrise. While these aircraft aren't of particular use for cargo, it can mean existing wide-bodies get further redeployed on routes into and out of Australia.

Read more: [Qantas confident in \\$400m boost from ultra-long haul flights](#)

Oil and Jet fuel prices

Oil is back in its trading range between 65 and 82 USD per barrel. Some recent lows have shown up in fuel surcharges and general rates. At the time of writing, we have not seen further production cuts, though eyes are on OPEC's next move.

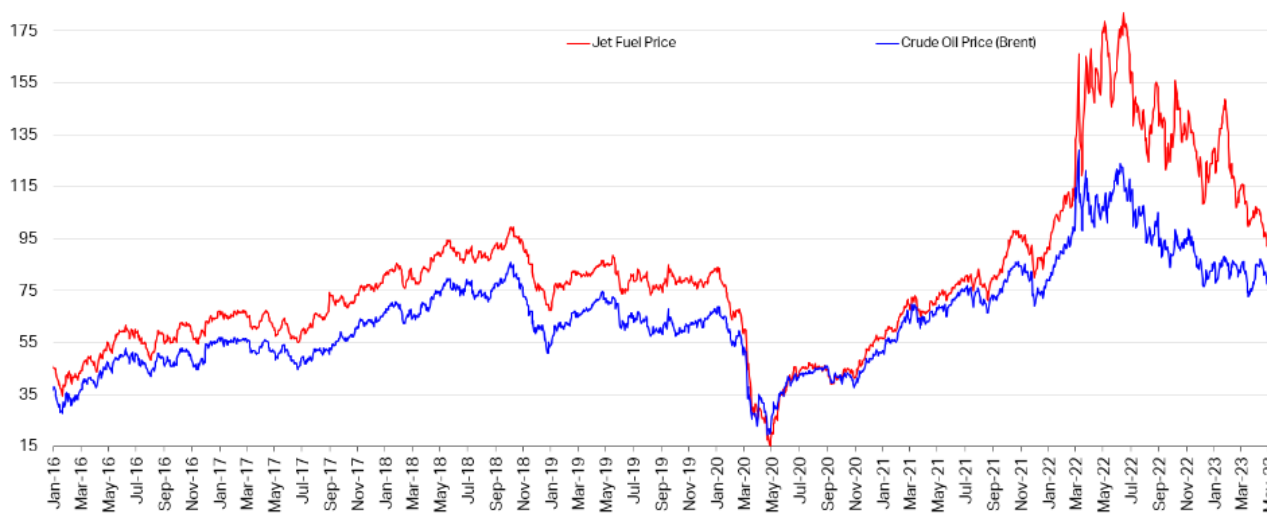
Read more: [The June OPEC Meeting May Spring A Nasty Surprise For The Oil Markets.](#)



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

Jet fuel price developments - longer term perspective

Jet Fuel & Crude Oil Price (\$/barrel)



Source: S&P Global, Macrobond

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

Australia

Plenty of wide bodies are online Trans-Tasman, with Air NZ recently switching some 777's to Dreamliner's, giving a nice bump in capacity to offset Qantas' switch to mostly narrow body aircraft. Outbound elsewhere, rates are good though somewhat stagnant now on direct routes, as airlines look to fill the cargo in-balance with any KG they can.

New Zealand

Status quo this month for New Zealand, however, some spot pricing has begun to get in, which is how the big rates drop into Australia started. This gives some positive outlook over the next two quarters that New Zealand will begin a bigger downward trend in rates. High-dense shipments, in particular, have begun seeing benefits.

Asia

Main routes from north and south China, plus Malaysia and Thailand, have had good drops over the last few months and are now showing some signs of bottoming. While it's unlikely we are done yet with lower costs, we'll need some more flights online, particularly out of Singapore.

USA

Both the mid-west and west coast have begun sliding in rates and will continue to slide over the next two quarters. Welcome relief for many importers of high cost products out of the USA. **We have great offers now off the west coast, so please contact your local account manager for options!**

Europe

European rates have moved down further nicely over the last 6 weeks, with more movement expected over the coming months. The spot market is still lower than general rates for big, high-dense cargo, giving us an indication that there is more room to move on general rates.

There are now 'B service' options in the market, particular via Asia, if you have time to wait. With rates sliding on major carriers as well, we recommend avoiding anything listed with a 5-day-airport-to-airport transit, as these have been taking much longer through their transit hubs.

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

TRANSPORT

We have been experiencing extensive delays at the Brisbane container terminal when collecting containers due to unscheduled module outages along with scheduled maintenance for modules.

We will continue to do our best to mitigate any delays and will keep you updated with any further developments.

QUARANTINE & CUSTOMS

Additional Sanctions against Russia

Prime Minister Anthony Albanese and Foreign Minister Penny Wong announced additional financial sanctions and an export ban, targeting sectors of economic and strategic significance to Russia on 19 May 2023. These additional targeted measures aim to slow Russia's war machine.

Australia's action is part of a push by international partners, who are meeting at the G7 Leaders' Summit in Hiroshima this week. Australia has already sanctioned more than 1,000 individuals and entities who are supporting Russia's illegal and immoral invasion of Ukraine. The new financial sanctions will target 21 entities and three individuals, including:

- Subsidiaries of Russian state-owned atomic energy corporation Rosatom that are involved in nuclear research, infrastructure development and weapons manufacturing.

- The Russian entity created to take over Ukraine's Zaporizhzhia Nuclear Power Plant, the largest nuclear power plant in Europe.
- Russia's largest petroleum company Rosneft.
- Russia's largest gold company Polyus PJSC.
- One of Russia's largest steel companies Severstal PJSC.
- Defence entities supporting Russia's war.
- Five Russian banks with operations across the Russian Federation.

The Australian Government will also implement a ban on the export of all machinery and related parts to Russia and areas temporarily under Russian control.

This will prevent Australian goods from aiding Russia's aggression in Ukraine. The Department of Foreign Affairs and Trade will soon commence public consultation on the export ban, with implementation of the ban to follow. Businesses or individuals that wish to participate in consultation on the machinery export ban should subscribe to alerts with the [Australian Sanctions Office](#).

Australia UK Trade Agreement commences 31 May 2023

Commencement

The Australia UK FTA will commence on 31 May 2023. For imports to Australia it will apply to goods imported after this date and goods imported before this date where the date for determining customs duty has not yet passed. This means goods that have landed in Australia but an import declaration is yet to be lodged. For UK goods arriving over the next few weeks importers should assess whether it is better to delay clearance and pay storage and enter the goods duty free from 31 May.

Document requirements

The Australia UK FTA is not overly onerous in its documentation requirements compared to other FTAs. There is no requirement for a government issued certificate of origin. Rather, origin can be proven in two ways:

- A declaration of origin produced by a manufacturer, producer or exporter; or
- An importer's knowledge that the good is originating in either the UK or Australia.

Declaration of origin

In respect of the declaration of origin:

- there is no prescribed format,
- it can be in electronic form;
- it can be on an invoice or other commercial document;
- must meet specified data requirements. This includes a specifically worded declaration, a description of the goods, the tariff classification of the goods and specifying the rule of origin that applies.

Users of the FTA should specifically review these requirements as a failure to leave out one required piece of data could invalidate the claim for duty free entry.

A declaration can cover multiple consignments of identical goods over a 12 month period.

A declaration of origin is valid for 12 months after the date that it is completed.

Importer's knowledge

A declaration of origin is not mandatory. An importer can rely on their own knowledge of origin to claim the preference. However, caution should be exercised. A customs broker should require documentary evidence to support the importer's claim. What documents will be required will vary from case to case.

It is important that the knowledge needs to be that the goods satisfy the rules of origin in this particular FTA. It will not be enough that the goods qualify as being of "UK origin" under other free trade agreements. Just because a good is exported from the UK or the importer understand that it is "made in the UK" does not mean it will qualify under the Australia UK free trade agreement.

Direct shipment

Like most FTAs there is no requirement that the goods are directly shipped to Australia. However, it is a requirement that the goods are not released to free circulation in a country other than the UK or Australia. For instance, if UK goods are shipped to a European or Asian distribution centre prior to shipment to Australia, the goods may lose their qualifying status.

It is also important that the goods do not undergo further processing once they leave the UK other than certain permitted acts such as storage, repacking, labelling or marking required by Australia.

Tariff outcomes

This FTA offers substantial benefits to both Australian and UK importers. In respect of UK imports into Australia, almost all UK goods will be duty free. The exceptions are goods subject to excise equivalent duties (fuel, tobacco, alcohol) and some steel products.

Australian exports to the UK have more mixed results. Some goods will have full duty reductions immediately on entry into force of the agreement. For other products the duty rates are phased down over time. There will also be some products that do not have any duty reductions.

Assumptions should not be made. The exact duty outcome for exports can be obtained from reviewing the tariff commitment schedule to the FTA.

More Information can be found here: [Australia-United Kingdom Free Trade Agreement | Australian Government Department of Foreign Affairs and Trade \(dfat.gov.au\)](https://dfat.gov.au/australia-uk-fta)

Department Of Agriculture, Fisheries And Forestry - Service levels and Cost recovery

The Budget includes more than \$1 billion in new biosecurity investments over the next four years, with over \$260 million in new funding per year, ongoing and locked, from 2027-28.

This funding increase is permanent. The government is locking in increased, long-term funding for a strengthened biosecurity system to help safeguard against biosecurity incursions that would impact trade, jobs, regional Australia, health and our environment.

The \$1.03 billion Budget package delivers the government's election commitment to deliver long-term, sustainable funding that goes directly to strengthening Australia's biosecurity system.

From 1 July 2024, a new cost recovery charge on low value (\$1,000 or less) goods imported into Australia by air or sea will be introduced.

This charge (approximately 40 cents) will cover the cost of biosecurity clearance on imported goods that are not currently subject to cost recovery – up to now taxpayers have been paying this cost. This fairer system is expected to raise around \$27 million per year ongoing

The current Sea Full Import Declaration (FID) charge was increased from \$49 to \$58 on 16 January 2023 to implement cost recovery for the 2021-22 hitchhiker pest measure.

Following the first comprehensive review of biosecurity cost recovery since 2015, further increases to existing fees and charges are expected from 1 July 2023.

These changes are estimated to recover an additional \$36 million in 2023-24, with annual reviews to ensure actual costs are being recovered into the future.

Improvements to the Biosecurity system

Immediate and longer-term improvements will be made to help minimise delays and costs at the border and to show where funding is being spent.

These include:

- \$145.2 million over three years from 2023-24 to deliver the Simplified Targeting and Enhanced Processing System - a modern, integrated digital system that to improve the effectiveness and efficiency of biosecurity clearance for cargo. Making our systems as efficient as possible will free up our biosecurity workers for other jobs and reduce congestion at the border.
- Annual publication of biosecurity income and expenditure to provide transparency and accountability.
- Working with industry to consider options for greater effectiveness and efficiency to meet emerging threats, and to consider further reform to funding arrangements.

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 Röhlig Australia and New Zealand