

RÖHLIG EXPERTS LOG

Röhlig UPDATE
LOGISTICS

Röhlig Australia Update – December 2022

December 2022

Dear Valued Customer,

Welcome to the Röhlig ANZ December 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

Oceania is beginning to open up

It hasn't been too long since our last update, with flight numbers slowly increasing, with 60 to 80 flights into Sydney airport daily. We have another 50 flights a day or so before we can say we have normal levels of flights.

Alan Joyce (CEO of Qantas Airways Limited), just confirmed the status quo for Qantas on flights and cost, concerningly flagging another year of high cost, however, let's see how that plays out in the coming months. (More information: [Qantas boss Alan Joyce explains why airfares are sky high](#))

While no new real news has come about for now as we head into the Christmas break, we may see a flurry of changes and updates in January, and hopefully for the positive!

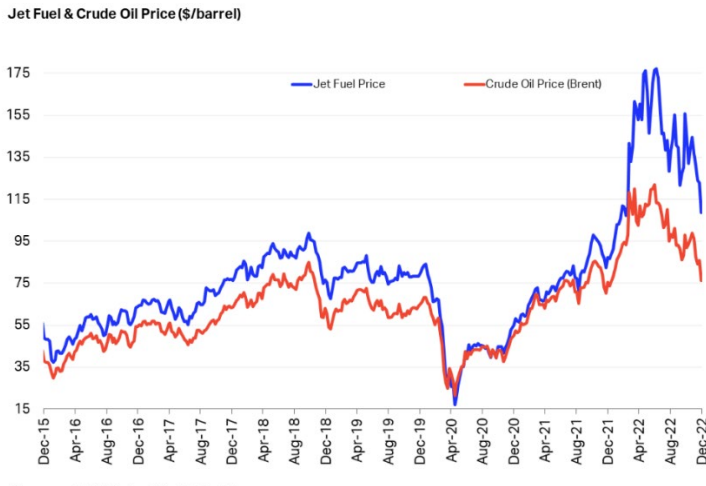
Oil and Jet fuel prices

We took a leg down to 70 USD a barrel briefly this week and now sit at 76 USD per barrel at the time of writing. Given how hard the powers that be want 100 USD per barrel plus, it's certainly a sign of global demand weakness that we are at these levels, the weeks leading up to the end of January will be telling. Jet fuel continues its hyperbolic volatility in comparison to the oil movements, with the leg down over the last weeks being seen in lower fuel surcharges in the next couple of weeks.



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

Oil vs Jet fuel



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

Australia

Passenger flights have grown steadily since last month, with no additional freighter capacity. Flights are at capacity now, but there are no backlogs. This situation still indicates that while we are more or less full for now, January and February will be slow.

New Zealand

The Trans –Tasman route has not changed (see our [previous update](#)), with many flights back to the narrow body as they send their wide bodies on other routes with better yield. Australia to New Zealand will then be heavily congested into Christmas, with different routes ex Asia/Europe/USA being stable.

Freighter capacity has come online out of Dubai, with no ideal landing days of Tuesday PM and Thursday PM. This is showing some relief with the recent A380 switch, however, it's a baby A330 freighter and the flight times are not ideal for many supply chains. Relief needs to come in the form of more passenger craft.

Asia

Asia rates, while still volatile, have begun to ease. High-dense cargo is still favourable in China, with great spot rates on the heavy stuff. [Contact us for any shipments you have](#), and we will provide the best options for you at the time.

USA

US space remains per the status quo over the last few months with limited options. Nonetheless, we are managing well with mid-west and east coast shipments. The west coast can still be choppy, with passenger flights running across the long Pacific route not always managing to take belly loads.

Airline and terminals' staff shortages are ongoing and not dissimilar in Australia. In addition, ground handling continues to be a challenge US wide, pushing up airline operating costs which are not helping passenger or freight costs.

The US seems set to slow in 2023 - if passenger numbers keep rising, then we will see the Q1,2023 ease that we are looking for. We are having plausible options now ex JFK, [contact us for more information](#).

Europe

Europe continues to be steady, with flights and costs full. Though, this year's peak season is lower than last year's, with November and December steady, looking more like August in terms of tonnage instead of being 50% higher. Critical inflation and energy costs are continuing to take their toll on tonnages.

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

SEA FREIGHT

Oceania

Oceania Trans-Tasman on both East bound and West bound is still very congested with space being at a premium. Shipping lines are forced to roll cargoes as they deal with port berthing issues and ongoing schedule irregularities. There is extra capacity coming into the market from mid-December and early January as a new entrant on this trade begins sailings and a couple of shipping lines upgrade to larger vessels.

Asia

Carriers continue to schedule blank sailings from Asia in an effort to halt the erosion of container spot rates. Vessels not blanked have been departing from Asia with utilisation levels on average less than 75% to all continents.

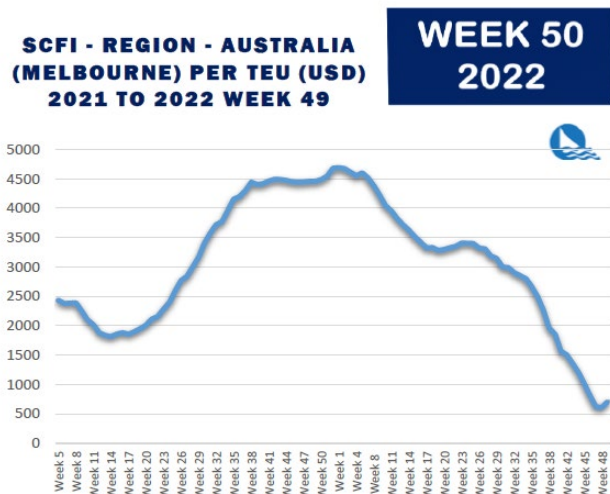
Covid restrictions

COVID restrictions in China have been "loosened" by cities Beijing, Shenzhen and Shanghai. Truck drivers responsible for transporting all cargo to/from ports are required to submit a 24-hour covid test which is causing delays in and out of ports due to the processing time.

Covid cases rising in China

Covid infections are spreading rapidly throughout the country following the cancellation of mass testing and health codes. Many of our offices are working from home or partially working from home due to staff falling ill or isolating with family members. Fortunately, the large majority of infections are mild and our colleagues have been able to recover within a few days. We are in close contact with everyone to ensure the health and safety of all staff. We're taking extra care to maintain smooth communications and operations. For other contacts and industries in China, please expect potential slowdown or communications delays as infections are predicted to peak now, and may again peak around Lunar New Year at the end of January.

SCFI index



Europe

Europe rates to Australia have come down in December and we anticipate further reductions in Q1, 2023 if demand continues to soften.

Felixstowe port and dockers settle contract dispute after months of uncertainty

The UK's biggest container port, Felixstowe, has reached an agreement with its workforce on a 2023 pay deal, worth 8.5% increase, plus a £1,000 bonus. According to the port, over 90% of its workers voted to accept the deal. More than 1,900 members of the Unite union walked out for eight days in August and September as pay talks broke down against a background of bitter recriminations.

The congestion lead the ocean carriers to divert ships and thousands of import containers to London Gateway and Southampton, Rotterdam, Antwerp for inland distribution

Global schedule reliability continues to trend upwards

- Improvement of 6.6% month on month and reached 52% in October. This was the largest increase in 2022 so far and brings reliability very close to the 2020 level
- Unfortunately however the Asia- Oceania trade had the lowest reliability at 26.1% with South America – Mediterranean highest reliability at 71.4%
- The Europe – Oceania trade had the biggest drop of -8.0% when compared to September

Domestic Transport

We have certainly had a challenging month with the rail down and to make matters worse, floods. We have been fortunate that we had backup solutions in place to keep things moving with a Coastal Service as well as a linehaul deliveries. Things should be back up and running in the coming weeks with further updates to follow as they come. On a positive note, the terminals have been running smooth and especially this time of the year it has been refreshing to see.

Please note that PONDUS fee will be applicable in Melbourne from February 2023 for any weight misdeclaration. If you have any questions please do not hesitate to contact us.

Customs - Free Trade

Australia-European Union Free Trade Agreement (A-EUFTA)

- While progress was delayed as a consequence of the reaction to the submarine projects decision it now appears to be back on track following the Prime Minister's visit in July.
- Still in discussions on about 30 chapters of the Agreement including technical barriers to trade and intellectual property, including geographical indicators.
- Hope to finish negotiations mid 2023 but operative date would be some time after that due to the treaty making process.
- Consignment rule still in discussion as are eligibility for goods made from imported parts and drawbacks. EU FTA commonly do not include these last two provisions.

Australia-India Economic Cooperation and Trade Agreement (AI-ECTA)

- The Australia-India Economic Cooperation and Trade Agreement (ECTA) will enter into force on 29 December 2022.
- Year 1 reductions will start 29 Dec 2022. Year 2 reductions will then start 1 January 2023.
- Note that the tariff reduction provisions at this time only cover up to and including Chapter 72 of the tariff. Further negotiations will occur next year for the remaining chapters of the tariff and are hoped to be concluded in 2023. This second agreement will be referred to as Australia-India Comprehensive Economic Cooperation Agreement (AI-CECA).
- Certificates of Origin will be required.
- Draft guide to this FTA as is on the DFAT website <https://www.dfat.gov.au/trade/agreements/negotiations/aifta/australia-india-ecta-official-text>
- Rules of Origin are contained in Chapter 4 of the above.
- <https://www.dfat.gov.au/trade/agreements/negotiations/aifta/australia-india-ecta-official-text/annex-4b-product-specific-rules-origin>

Australia-United Kingdom Free Trade Agreement (A-UKFTA)

- Australia is very advanced in being ready to start this FTA. On 22 November 2022, the A-UKFTA passed the Australian Parliament but we do not yet have a start date. We are awaiting an update from UK as to their own progress. Once the domestic procedures have been completed, Australia and the UK will provide each other with confirmation of their completion through an exchange of diplomatic notes, and the agreement will enter into force 30 days later, or on any other date that is mutually agreed.
- The text of the proposed FTA is on the DFAT portal at <https://www.dfat.gov.au/trade/agreements/not-yet-in-force/aukfta/official-text>
- Rules of Origin are at Annex 4 above.
- Declarations of Origin from the producer or exporter will be permitted, with the required format and minimum mandatory information required being available at this link <https://www.dfat.gov.au/trade/agreements/not-yet-in-force/aukfta/official-text/australia-uk-fta-annex-4a-data-requirements>

Quarantine - Brown Marmorated Stink Bug (BMSB) 1st of December rule changes

Goods Manufactured after the 1st of December

New, Unused and not Field Tested (NUFT) goods

- Certain goods that can meet all the following criteria will not be subject to mandatory BMSB treatment:
- Have the goods been manufactured on or after 1 December? (manufacture must start from 1 December of the current BMSB risk season).
- Are the goods classified under the following tariff chapters only: 82, 84, 85, 86, 87, 88 and 89?
- Can evidence be provided in the form of a BMSB NUFT (new, unused and not field tested) manufacturers declaration that the goods are manufactured on or after 1 December?

BMSB NUFT Declarations

- In addition to [Minimum Documentary and import declarations policy requirements](#) for manufacturers declarations (sections 4.6.1), your BMSB NUFT Manufacturers declaration must also meet the following requirements:
- Must contain the statement “the product is new, unused and not field tested”
- Must have a manufacture start date.

- **Note:** As per minimum documentary and import declaration requirements, manufacturers declarations will only be accepted from the company that manufactured/produced the goods and **must** be issued by either the individual manufacturing site or head office within the country of manufacture unless a valid import permit or BICON case states otherwise.
- **Note:** The department considers goods field tested, if during the manufacture of the goods, animal or plant material or soil has been introduced or has come into contact with the machine or equipment.
- If evidence is not provided, the goods may be directed for export or onshore treatment (if permitted).
- A NUFT template has been added to the [Templates for documentary evidence](#) section of this page to use as a guide.

Post Treat window ceases after the 1st of December

The post treatment window does NOT apply to goods treated from 1 December onwards. Containerised goods are no longer required to be loaded into a six hard sided container and sealed within 120 hours.

Break bulk (including flat racks and open top containers) – are no longer required to be loaded onto a vessel for export from the target risk country within the defined timeframe of 120 hours.



We would like to thank all of our customers for your continuous support throughout 2022. Wishing you a very Merry Christmas & a safe Happy New Year!

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

MORE NEWS:

- [How to prepare your supply chain for Lunar New Year 2023](#)
- [Röhlig Logistics receives EcoVadis Silver medal for sustainability achievements](#)
- [Röhlig Asia Logistics Newsletter – December 2022](#)

