



MPW Supply Chain Consultancy

Oceanfreight Airfreight Local Transport Courier Warehousing/3PL

Ph: +61 4 0850 6709; Email: mitch.williams@mpwsupplychain.com; Web: www.mpwsupplychain.com

MPW SUPPLY CHAIN – INDUSTRY UPDATE - FEBRUARY 2024

AUSTRALIAN NEWS

QANTAS TO LAUNCH DARWIN TO SINGAPORE SERVICE

- Beginning December 2024, QANTAS intends to launch a new international route connecting Darwin and Singapore also speeding up journeys between the Northern Territory and London.

MV BAHIJAH STRANDED OFF FREMANTLE COAST

- Thousands of Australian sheep and cattle are set to swelter through heatwave conditions on a ship anchored off Perth's coast amid an apparent stalemate between the federal government and the live exporter.

The animals have been at sea for 25 days on board the MV Bahijah after it was ordered by the government to turn back from its voyage to the Middle East due to security concerns in the strife-torn Red Sea.

DP WORLD AUSTRALIA INDUSTRIAL ACTION

- DP World Australia has received additional Protected Industrial Action notices from the CFMMEU (Maritime Union of Australia division) for each of their Australian terminals at the following ports until the 3rd of February 2024.
Brisbane: 22/01/2024 to 03/02/2024
Sydney: 22/01/2024 to 03/02/2024
Melbourne: 22/01/2024 to 03/02/2024
Fremantle: 22/01/2024 to 03/02/2024

OCEANFREIGHT

CAPACITY OVERSUPPLY DESPITE RED SEA CRISIS

- Low consumer demand has led to an oversupply in capacity despite the disruptions caused by the Red Sea Crisis. Any spikes in pricing have been largely driven by fears of a repeat of the pandemic supply chain crunch in 2021-2022. According to Drewry's "There is ample room to cover disruptions such as this". It was a deterioration of port productivity that caused the significant rate levels previously. The Suez Canal diversions are estimated to last for the first half of 2024.

TWO MAERSK CONTAINER VESSELS COME UNDER FIRE

- A week after US president Joe Biden admitted airstrikes were not preventing Houthi attacks on shipping, another missile attack on 24/1 forced two Maersk vessels to abandon their naval convoy and flee the Red Sea.
US-flagged Maersk Detroit (pictured above) and Maersk Chesapeake were under escort by US naval vessel USS Gravelly and were carrying military supplies when Houthi militants attacked them with a barrage of missiles.

ONE MOVES CLOSER TO NET-ZERO TARGET

- Japanese carrier Ocean Network Express (ONE) has moved closer to placing orders for ammonia dual-fuel containerhips after achieving approval-in-principle for a 3500 TEU prototype. ONE said that "along with its investment in 12 methanol dual-fuelled vessels, the ammonia AiP marked another milestone on the carriers journey towards net-zero by 2050.

GLOBAL SUPPLY CHAIN NEWS

CHINESE NEW YEAR – 2024

- Chinese New Year 2024 falls on February the 10th (Saturday) and will last until February 24th marking the year of the dragon.

As many people take this time to visit friends and family, it is important to finalise plans and communication with your suppliers/factories and obtain any important documentation. As is the case each year, bookings and space before and after this holiday period are tight, so please plan well in advance.

RED SEA CRISIS – BUOYANT DEMAND FOR SEA-AIR

- A switch to sea-air freight solutions is the favoured move so far by shippers and forwarders in response to the Cape detours resulting from the Red Sea crisis, industry feedback suggests.
Market players appear far more hesitant to make a full-blown shift to air freight, but this could change if attacks on ships by the Houthi militia continue.

AIRFREIGHT

AIR CARGO TRAFFIC, CAPACITY & REVENUES RECOVER

- Air cargo traffic, capacity and revenues continued to recover in late 2023. According to IATA, world air cargo traffic expanded 8.3% year-over-year, as measured in cargo tonne-kilometres (CTKs), in November 2023, the best month for industry traffic growth since December 2021.

After 17 months of consecutive decline, traffic tepidly began growing again in August 2023, and has grown every month since then, in no small part due to easy comparison with very weak numbers in the third and fourth quarter of 2022.

AIRFREIGHT RATES ON THE UP AS JANUARY DRAWS TO A CLOSE

- Airfreight rates in January climbed as the month progressed due to the approaching Lunar New Year holiday and anecdotal reports of a move from sea to air due to the Red Sea crisis.

BOEING TO WITHDRAW 737 MAX 7 SAFETY EXEMPTION REQUEST

- Boeing says it will withdraw a request for a safety exemption that could have allowed US regulators to speed up certification of its coming 737 MAX 7 jet, in the latest fallout from the plane maker's ongoing crisis.
US politicians had been pressuring the company to withdraw the request following a harrowing mid-air cabin blowout on January 5 that exposed numerous safety and quality control concerns at one of the world's two major jet makers.