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MPW Supply Chain Consultancy

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MPW SUPPLY CHAIN – INDUSTRY UPDATE – 12TH FEBRUARY 2025

OCEANFREIGHT | AIRFREIGHT | LOCAL TRANSPORT | WAREHOUSING/3PL | COURIER |

AUSTRALIA & NZ NEWS

INLAND RAIL CROSSINGS TO BE MADE SAFER

The Australian Government is investing $280 million, and the state government is investing $70 million to improve road and rail safety for the Inland Rail project. This includes removing level crossings on the Newell and Olympic Highways and replacing them with overpasses or underpasses. The project aims to expedite freight movement, reduce transport emissions, and enhance safety. Work will be carried out on weekdays with intermittent traffic changes. The DCN

INDUSTRY TO BE BRIEFED ON MAJOR MELBOURNE CHANGES

The container logistics chain in Melbourne will undergo significant changes with the introduction of the West Gate Tunnel and upgraded M1 infrastructure later this year1. A free seminar on March at the Yarraville Club will discuss the impacts on container transport costs, route access, and future locations of container facilities. The seminar will feature updates from the Port of Melbourne and a panel session with container terminal representatives. Registration is essential for catering purposes. The DCN

AUST BOX TRADES SEE 9-MONTH BOOM

The January-September 2024 period was lucrative for container lines in Australasian trades, with imports rising 9.9% and exports 9.7%. Exports from Australasia rose to 2,028,200 TEU, while imports jumped to 3,035,000 TEU. Total Australasian trade saw a 9.2% overall increase to 5,295,900 TEU. The standout growth in exports was to the Middle East/Indian Sub-Continent, which saw a 39.7% lift. However, rates for exports to the Far East were down by almost 25%. The DCN

SUPPLY CHAIN NEWS

U-TURN ON DE MINIMUS BAN, FOLLOWING 'PROCESSING ISSUES'

The US announced 25% tariffs on steel and aluminium imports, impacting logistics. A new executive order pauses enforcement of the Foreign Corrupt Practices Act (FCPA), suggesting that banning bribery has harmed the US. This order aims to enhance American competitiveness by eliminating excessive barriers to commerce abroad. The review period is 180 days, with potential extensions, and existing investigations will be reconsidered. The Loadstar

MORE VOLATILITY MEANS FORWARDERS AND SHIPPERS NEED TO WORK MORE CLOSELY

As uncertainty affects trade confidence, forwarders need to be closer to their customers. David Wystrach from Scan Global Logistics emphasized that no two supply chains are alike and advised forwarders to become experts in their shippers' industries. Jody Paulus from Optitune highlighted the importance of quick reactions and strong client relationships during volatile times. Niel van de Wouw from Xeneta noted that shippers want informed partners ready to make quick decisions. The Loadstar

METALS TARIFF ROCKS AUTO INDUSTRY, TRUMP SMILES ON BRIBES IN FOREIGN DEALS

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OCEANFREIGHT

MORE BLANKED SAILINGS: 'CARRIERS WILL NOT SIT ON THEIR HANDS WHILE RATES COLLAPSE'.

Despite large parts of the Chinese workforce continuing to enjoy the new year holiday, there was a partial return to work for other parts of the economy, including the country's freight forwarders. They were welcomed with another week of falling spot rates across most of the major trades. The Shanghai Containerised Freight Index (SCFI) saw declines across all its trade routes, except for a 10% week-on-week increase on China-Mexico. The Loadstar

HMM HUMMING ALONG

South Korea's HMM reported a 30% operating margin in 2024, with a 501% increase in operating profit to KRW 3,513 billion. Revenue was KRW 11,700 billion, and net profit was KRW 3,781 billion. The strong performance was driven by fleet expansion, network optimization, and rising US-CN trade demand. HMM is expanding its low-carbon fleet and strengthening its global network, aiming for net-zero by 2030. The DCN

BLANKED VOYAGES FAIL TO HALT SLIDING SPOT RATES, AND MARCH GRIS WILL BE RESISTED

Blanked sailings and general rate increases (GRIs) have failed to arrest the drop in Asia-North Europe freight rates, with slot utilization less than 95% amid the post-Chinese New Year slack period. The reduction in cargo volumes in North Asia after Chinese New Year has helped ease congestion at Chinese and South Korean ports, with vessel capacity at anchorages halving from its recent peak of more than 1.2m teu in January. The Loadstar

SUEZ AUTHORITY EYES SWIFT RETURN TO CANAL, BUT IT's 'SAFETY FIRST' FOR CARRIERS

Container Lines Container lines will not restart Suez Canal crossings until May at the earliest, despite a ceasefire between Israel and Hamas. Yang Ming chairman Tsai Feng-ming emphasized the need for stability and safety before resuming operations. The Suez Canal Authority lost nearly $7bn in revenue last year due to rerouted vessels. The industry faces challenges, including potential tonnage glut and US tariffs on Chinese imports. The Loadstar

AIRFREIGHT

AIR CARGO: IN THE AIR TONIGHT

The global air cargo industry experienced significant growth in 2024, driven by e-commerce and demand for time-sensitive goods. Disruptions in ocean freight, such as the Red Sea crisis and port strikes, have led to increased reliance on air cargo. In Australia, air freight's prospects are promising despite unique challenges like capacity constraints at Sydney and Melbourne airports. The industry is also embracing digitalization to enhance efficiency and reduce costs. The DCN

CHINESE NEW YEAR BLURS VISIBILITY IN AN UNCERTAIN AIRFREIGHT MARKET

The air cargo market is closely monitoring the impact of Chinese New Year on airfreight rates. WorldACD reported a global 12% drop in volumes, with a 33% decline from Asia Pacific. However, increases in volumes from flower-growing regions partially offset this. Spot rates from Asia Pacific rose by 3% to $3.87 per kg. The Baltic Exchange noted that the US-China de minimis ban is causing volatility. The Loadstar

DE MINIMIS CUT WON'T HURT DEMAND FOR CHINESE ECOMMERCE, BUT FOR AIR CARGO?

While most companies are uncertain about the impact of the closure of the de minimis exemption for Chinese companies, tariffs, duties, and fees are already appearing on ecommerce invoices1. Some etailers are pushing US buyers toward goods already in the US1. The airfreight industry is concerned that a drop in demand from US consumers will lead to lower rates2. Freightos CEO Zvi Schreiber noted that China-US rates could halve. The Loadstar

ASIA E-COMMERCE VOLUMES COULD SHIFT FROM US TO EUROPE

Asia airfreight volumes to the US could shift to Europe due to changing e-commerce supply chains. If the US de minimis exemption removal plans are enforced, there will be a significant volume decrease on the China-US airfreight lane. Europe is well positioned to absorb these volumes. E-commerce companies might refocus on Latin America, Africa, and Europe, leading to a shift in airfreight capacity. Air Cargo News