

# A dog's breakfast

While political tensions with China and market access for exporters steal headlines, the fact our international trade supply chains are in disarray fades into the background, writes Paul Zalai

## SHIPPING OPERATIONS HAVE

never been worse with our ports congested, limited services, record high freight rates, increased detention charges, staged empty containers movements, congestion surcharges, ongoing terminal access charges and new stevedore tariffs.

To rub salt into the wounds, biosecurity document assessment, inspections and treatment release timeframes are at commercially unacceptable levels.

Business continuity at our ports and strategies to address empty container congestion (particularly Port Botany) requires immediate attention.

## INDUSTRIAL RELATIONS

At the time of writing we remain on the edge of our seat with the truce between Patrick Terminals and the Maritime Union of Australia. In parallel, we watch with keen interest on industrial relations developments at Svitzer and potential impacts affecting their tug operations at box ports.

More positively, we have received feedback from shipping lines that "move count" productivity by stevedores is improving as compared with that experienced during the period of industrial action. This must be sustained without further protected industrial action.

## EMPTY CONTAINER CONGESTION

During the past 15 months we have had a surplus of import over export containers coming into Port Botany. This is not uncommon and in normal operational times shipping lines would bring in unladen vessels (often referred to as sweeper vessels) to evacuate many thousands of empty containers to clear local congestion and for the equipment to be used again in Asia.

Things became complicated with industrial action during the year at Patrick, DPWA and Hutchison meaning the stevedore servicing of vessels slowed

and schedules were delayed. Further complicating matters, infrastructure issues occurred at Port Botany as well as bad weather. This prevented container shipping lines deploying sweeper vessels due to berth unavailability, with the situation compounded by capped equipment exchanges leaving vessels sailing open from Australia, instead of using the capacity to evacuate equipment from Australia.

## CONTAINER IMBALANCE

The extent of the container imbalance at the time of writing was estimated to be 75,000 TEU sitting in empty container parks and transport operator yards throughout Sydney. If a sweeper vessel averaged 3500 TEU, it would require more than 20 dedicated sweepers to clear the backlog. That would take five months if a sweeper vessel were to be deployed on a weekly basis, without accounting for additional trade imbalance and assuming terminals could handle the additional tonnage and container exchanges.

Feedback from key industry stakeholders shows two fundamental problems preventing the evacuation of equipment:

Capped exchanges at terminals on the east coast are limiting the ability to evacuate equipment on the standard container shipping services.

Shipping Australia advised that all container vessels globally are fully utilised due to higher global container shipping demand, restricting the ability for shipping lines to charter sweeper vessels.

Without any significant and immediate relief, the glut of empty containers will move Sydney's container logistics from a state of "congestion" to one of "gridlock". We also understand empty container volumes are increasing in Melbourne.

## IMPACTS UPON TRADE

While importers are left with increasing container logistics costs associated with de-hiring empty containers, the impacts on

our exporters cannot be underestimated, particularly at a time with a bumper grain and other agricultural commodities ready to reach overseas markets.

We understand some vessels will bring in import containers and will focus on a quick turn-around of moving large numbers of empty containers. While this is understandable, it is unclear how well this will serve exporters.

Many vessels are bypassing Sydney and those that are serviced are limited by how many export containers they can load with stevedores imposing move count restrictions on shipping lines. While we have an over-supply of empty containers, members continue to report limited availability of serviced food quality equipment for use by exporters of agricultural products.

## DOING BUSINESS

The inefficiencies and high cost of international trade can be seen in Australia's *Doing Business Ranking* as published by the World Bank. In 2020 Australia's overall ranking was an impressive 14. However, its ranking for the subcategory *Trading Across Borders* was 106.

You do not need to be Nostradamus to forecast that our ranking will further slip. The year gone has shown we need a reliable waterfront workforce with improved productivity combined with leadership from ports and state and federal governments to work towards best practice. We will continue to advocate these outcomes in the year ahead. ■



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