Seasonal industries able to move cargo during emergency

While all industries face their own impacts of COVID19, the fair-weather growing season has resulted in bumper crops for apples, kiwifruit and wine in the Top of the South.

Hugh Morrison, chief executive at Port Nelson, says: "These crops are listed by Government as Essential Services. Port Nelson is continuing operations to get these containers out on the regular calls of the CMA CGM group through its ANL, service, MSC and Pacifica shipping lines."

"Where possible, the port is also looking to create additional space for the increased number of containers being exported."

Under the State of Emergency declared by the government, Port Nelson is classed as an essential service and the port infrastructure is classed as critical to continue current and future operations.

"As an 'essential service', the port is required to continue as much of its necessary regional services, while ensuring the safety of staff and sub-contractors," Mr Morrison said all non-essential roles in shipping and supporting cargo operations are to continue, while support roles have moved to remote operation where practicable, advised CentrePort Wellington logistics general manager Mark Thompson.

"Essential services being imported through the port and safely out to supply our community include; the continued vital supply of fuel for the Top of the South and fertilizer for essential agriculture and horticulture businesses. Food manufacturers such as Seabird and Talley’s, in the port’s seafood precinct, also continue to operate as a MPI approved ‘essential service’. Their land-based factory and vessel operations are operating under stringent COVID19 working practices.

"The safety of our staff and sub-contractors are our top priority as we undertake our important duties during Alert Level 4," Mr Morrison said.

"The Port and our contracting partners have implemented strict procedures, tailored for each work activity. These procedures have been developed based on Ministry of Health guidelines, and generally exceed recommendations."

Operations continue at CentrePort

Iain MacIntyre

CentrePort Wellington is expecting to maintain day-to-day cargo operations during the COVID-19 lockdown, albeit with enhanced precautionary measures and some adjustment to general processes.

All on-port roles directly involved in shipping and supporting cargo operations are to continue, while support roles have moved to remote operation where practicable, advised CentrePort Wellington logistics general manager Mark Thompson.

"For our staff working on port, we are following strict hygiene practices and using personal protective equipment where appropriate," Mr Thompson told the Shipping Gazette™.

"Our approach is to ensure anybody who physically doesn’t need to be on port to conduct operations is able to maintain their home ‘bubble’."

As well as increasing cleaning resources and practices to meet Ministry of Health guidelines, the port is introducing new methods to essentially facilitate business as usual, he said.

"For example, to ensure we meet the COVID-19 health and safety guidelines, CentrePort’s created separation utilising an intercom system for managing truck cargo operations."

Mr Thompson said all non-essential port works had been suspended — including various infrastructure projects — but necessary maintenance and regulatory functions would continue. Port visits of non-essential suppliers and contractors had also been suspended, with necessary meetings now being conducted via phone and digital platforms.

"Early advice from government permitted the removal of logs from wharves. This advice has now been tightened to permit log movement only if essential to clear space for the accumulation of imported containers and uncommitted containers. This is to avoid compromising the flow of containers related to essential services."

"Essential services being imported through the port and safely out to supply our community include; the continued cancellating some demurrage charges while the Level 4 [Alert] is in effect." In terms of the impact of COVID-19 containment measures on overall cargo volumes, Mr Thompson said there would be further, significant decline in log throughput, which had already been impacted by the situation in China.

"While demand from China is forecast to improve towards the middle of the year, once the Level 4 Alert was activated, forestry activities were ceased, meaning no further logs are coming into the port for the time being. We expect the remaining logs to be cleared off the port in the next couple of weeks."

Westpac weighs the crisis costs

Westpac have estimated the macroeconomic impact of each Covid-19 Alert Level and listed the key points in a report this week called ‘Unprecedented Times’. Their forecasts and key points are:

- They forecast that GDP will drop 15% over the March and June quarters, but will rise 10% in September.
- They expect that the unemployment rate will reach 9% and house prices will fall 7%.
- The recovery will be much sharper than previous recessions, but will still take years.
- The Government’s response has been sensible, and will cushion the blow, but it is expensive.
- They forecast that the Government debt to GDP ratio will rise from 18.5% now to 40% by 2022.
- The Reserve Bank has done a lot to calm markets and ensure low interest rates.
- They estimate that the Government will have to borrow $48 billion between now and June 2021. The Reserve Bank has committed to buying $39 billion of that, but will have to do more.
- The RBNZ can continue its massive stimulus programmes so long as inflation remains low.
“Fluid” situation for shippers

Iain MacIntyre

New Zealand Council of Cargo Owners chairperson Simon Beale this week described a very “fluid” situation for his members, as they strove to navigate an evolving seafarers’ plight—landscape amidst COVID-19 containment measures.

“The areas that Council has been talking to date about is the uncertainty about availability of container vessels if non-essential cargoes are not devanted and able to receive the supply chain for export,” he told the Shipping Gazette.

“We also assume that storage for these goods will quickly run out, creating further supply chain problems. We understand this issue is under urgent consideration.”

“In the meantime, individual shippers are providing forecasts to ports to assist with planning port congestion.”

Mr Beale said shippers were also concerned about the potential for continued blank sailings as other countries locked down their borders and therefore reduced exports to New Zealand.

“The council is maintaining close contact with the International Container Lines Committee on this in an attempt to keep ahead of this issue and enable members to plan.”

“Further to this, with some businesses having to close down due to COVID-19, there will be less dry cargo being shipped which may lead to some empties needing to be stored in container yards until shipping resumes.”

Capacity for export cargo was expected to be “tight” across containerlines over the next few weeks due to the start of the produce season and markets re-opening to receive New Zealand products.

“Individual members are experiencing a range of specific issues depending on which markets they are operating in — for example, we’re aware of border issues in certain markets.”

“Workforce shortages are a continuing issue for some (ie, stevedores, packing) due to the age of some of the workforce and staff having to stay at home to care for their family, and a number of members are constrained by lack of personal protective equipment (masks and gloves) for their workforce.”

Looking ahead, Mr Beale said his organisation was very aware that, just as China seemed to be emerging from COVID-19, Europe and the United States were “entering times of unprecedented uncertainty”.

“This is an area we’re watching very carefully.”

Operations continue at CentrePort

From page 1

“CentrePort is following the Ministry of Transport’s guidance regarding giving essential cargoes priority. Overall container volumes have been steady, though we’d anticipate some impacts going forward:”

“Petroleum volumes are down, reflecting the lower consumption due to the impact of the shutdown. Roll-on roll-off car volumes will continue to trade but again at lower levels.”

“If there will be an impact on the result, but due to the lack of clarity around the possible end date to Level 4 we won’t even attempt to speculate.”

COVID-19, the spokesperson told the Shipping Gazette.

"On Kairariki, operating practices have been changed to minimise contact between the crew and those using the ferry, with drivers and the few essential passengers carried separate from the crew.

"At Aratere is sailing with its crew and freight only, with drivers remaining shore-based, and no passengers.”

The spokesperson said procedures had been put in place to ensure the Interislander ferries were carrying only essential freight and passengers.

“Freight volumes will be lower, but it is too early to quantify the reduction.”

Although input from StraitNZ was unable to be obtained prior to publication, it is understood that business has also enacted similar measures.

Cook Strait ferries revamp schedules

Iain MacIntyre

Streamlined, essential cargo/personnel-only schedules have been introduced by both the Interislander and StraitNZ following COVID-19 lockdown measures ending general passenger carriage on Cook Strait late last week.

A spokesperson for the Interislander said the services had moved to a two-ship timetable with four return sailings each day.

This entails:

• The Aratere sailing from Wellington at 6.30am and 4pm each day, returning from Picton at 11am and 8.45pm.

• The Kairariki sailing from Wellington at 8.45am and 8.30pm, returning from Picton at 2.15pm and 1.30pm.

• The Kaitaki remaining on standby to be deployed as required.

"The ships are operating on a two-week crew roster as a further precaution against the spread of COVID-19," the spokesperson said.

"On Kairariki, operating practices have been changed to minimise contact between the crew and those using the ferry, with drivers and the few essential passengers carried separate from the crew.

"At Aratere is sailing with its crew and freight only, with drivers remaining shore-based, and no passengers.”

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THE NEW ZEALAND SHIPPING GAZETTE™

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Business Outlook is ‘dreadful reading’

The March ANZ Business Outlook Survey made for dreadful reading. Headline business confidence plummeted 45 points to -64 in March, close to a record low.

At a 27% of firms expect weaker activity for their own business (down 39), the lowest read ever (the survey began in 1988).

“We’re on a very steep slide indeed,” said ANZ chief economist, Shonel Zollner. “Responses received later in the month versus the early-sample results show that we are still on the slide — even with some series at record lows it seems unlikely we’ve seen the bottom.”

Taking the month as a whole, headline business confidence plunged 45 points to a net -64% of respondents reporting that they expect general business conditions to deteriorate. Firms’ activity expectations for their own firm fell 39 points to a net -28%, expecting lower activity over the year ahead, a record low.

“About two thirds of responses were received at the very start of the month, and were reported in our preliminary flash release on March 10. The results reported here include those results plus the one third following a reminder email sent on March 19.

“The first sample group scored -55% for business confidence; the second sample reported -81%. Similarly, 15% of firms responding early in the month expected weaker activity ahead for their own firm; 55% of the later sample did. We’re on a very steep slide indeed.

“Inflation is on the skids, with cost and inflation expectations sharply lower, and retail pricing intentions plummeting.”

The detail:

• Retail sector overall activity collapsed 56 points from +15 to -41. Services and construction also plummeted by more than 40 points.

• Employment intentions fell 24 points to a net -23% of firms intending to reduce employment. Every sector is deeply in the red, but retail (-35) is the bleakest.

• Investment intentions fell 21 points to net negative 14%, and remain lowest for agriculture, with retail close behind. Investment intentions overall were -6 in the early sample and -37 in the later sample.

• Capacity utilisation, one of the best GDP indicators in the survey, crashed from +10 to -9, and was expected to be further slammed for the retail sector.

• Profit expectations fell 29 points to a net 37% expecting lower profit.

• Commercial construction intentions fell 43 points from +26 to -22; residential plummeted almost as much from +23 to -21.

• Export intentions fell another 24 points to -26, from what was already a record low. Export intentions were -23 in the early sample and -38 in the later sample.

• Expected availability of credit fell 5 points to a net 41% of firms expecting credit to be harder to get. This data also declined as the month went on.

“A net 39% of firms expect higher costs, down 14 points. Cost expectations dropped in every sector, most sharply for construction.

• Pricing intentions fell 12 points to a net 15% of firms expecting to raise prices, they plummeted 30 points for the retail sector, to +24.

• Inflation expectations fell 0.38pts to 1.51%, slipping further away from the 2% inflation target midpoint.

“These times are grim,” said Ms Zollner.

“We’ve never seen such a broad-based, shock strike with such ferocity. Firms are right to be alarmed. Both fiscal and policy are leaking into action but a severe recession is guaranteed.”

“The days when we were wondering why firms were so unsure about the outlook feel very long ago. The problem is front and centre, and it’s a whopper.

“This will end. But with no one able to tell businesses when that will be, any attempts to shore up confidence are likely to get little traction in the near term. It’s going to get worse before it gets better, and firms know that.”

“Rock-bottom confidence is the symptom, not the cause, of the woes in the New Zealand (and global) economy.”
Speedy information flows vital for Covid-19 response

So much has changed in New Zealand, the world at large and in the shipping and freight industries as we learn to live in a state of lockdown and social isolation, and during this period of rapid change we have had to rely on speedy information flows from Government and ministries.

In the wider Covid-19 scenario I have largely been impressed by the transparency shown by political leaders such as our Prime Minister and Finance Minister, and the speed of their actions in setting up wage subsidies and business support packages – some of which will definitely be of assistance to freight companies, importers and exporters.

Recently Transport Minister Phil Twyford recognised that the deadline for Cook Strait freight operators was inadequate when homebound passengers needed to cross between the islands before the country moved to COVID-19 Level 4 lockdown. The extension granted was common sense.

By no means all communications from Government and agencies has been definitive. The debate about what constituted “essential services” highlighted this.

But in fairness, we are facing an unprecedented situation in New Zealand and I can’t imagine every ministry or agency had such preparations already in hand. The truth is, some decisions need to be made rapidly and often, gaps become evident later.

The important thing is to act fast to restructure where those gaps exist and to make quick decisions to plug them.

As someone who has often been critical of politicians and Government agencies, it is fair now to point to some of the actions taken in the freight and logistics sector which seem to indicate a willingness to listen, learn and react positively.

One example was the need to clarify the rules when a log ship needed to be fumigated. Shipping New Zealand pointed out that some vessels send all of their crew ashore while others have to self-isolate should practice fumigation until it reaches its next port of call.

The theory no doubt was that this regulation would bring shipping in line with the 14-day isolation period generally being observed by people newly arrived in a country. However, it would have starved the supply chain not just in Queensland but also have disrupted shipping services to New Zealand and the Pacific Islands which hub through Brisbane.

Shipping transits from New Zealand and many Asian countries are within 14 days, which prompted Shipping Australia to launch a campaign of opposition. Ships would have been idle on the Australian coast, burning shippers’ money while waiting for 14 days to elapse.

If those vessels omitted a Brisbane call, cargo would have had to be landbridged at great expense from Sydney or Melbourne.

As a result, MSQ progressively modified its stance, first exempting vessels arriving from New Zealand and then loosening the rules for arrivals in Brisbane from Papua New Guinea, Pacific island nations and most importantly, Singapore.

While MSQ was perhaps pressured by the industry to amend its stance, nonetheless it did so in the end.

From the ship operator perspective, a laudable response to Covid-19 pressures has come from Maersk’s implementing temporary terms to its New Zealand Import and Export Detention Tariff and New Zealand Booking cancellation fee policy.

Having got stuck into carriers for viewing detention fees as revenue streams, it is pleasing to see Maersk waving detention incurred effective from March 26 to April 23. No cancellation fee will be applied to amendments for bookings with departure between the same dates.

The main thing is to find a solution.

If we do, it will please one master mariner who wrote to me suggesting a quick fix – for the agents to refuse to apply for permits for crew after the four weeks elapsed.

He continued: “What would be the result? I doubt the immigration department would pay off whole crew and replace that crew with New Zealanders. The country of registry would have a say in that and a diplomatic incident could result.

“Anyway, where would the NZers come from? They would have to have Certificates of Competency or Equivalency (COCs or CECs) relevant to the flag state, also medicals and seamen’s books recognised by the flag state. This cannot be done overnight.

“If the refusal came to court, I consider that a successful case could be made that the crew concerned was not in fact working in New Zealand but on (for example) a Singaporean ship engaged in her legitimate trading operations.

“If the agents combined and took this industrial action, I am sure a result would follow fairly swiftly.”

An interesting perspective. Let’s hope we get a response without the need to go that far.

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April 4, 2020

Conrad Brown

Lowndes

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Transport, Trade and Insurance Issues

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Port of Tauranga gains long term support of Kotahi

New Zealand’s largest containerised freight exporter, Kotahi, and New Zealand’s international cargo gateway Port of Tauranga have extended their long-term volume commitment agreement.

The renewed agreement extends Kotahi’s commitment to Port of Tauranga for an additional seven years, through to mid-2031. Kotahi manages freight on behalf of more than 40 of New Zealand’s importers and exporters, including its shareholders Fonterra and Silver Fern Farms.

Port of Tauranga chief executive Mark Cairns says the collaboration between the two companies gives the port the confidence to invest further in expanding its container terminal.

Kotahi’s chief executive, David Ross, says the collaboration with Port of Tauranga has brought significant benefits to New Zealand, including a more sustainable and resilient supply chain with efficient big ships.

He said Kotahi would support Port of Tauranga’s future development programme with their cargo volume. The contract extension came on the same afternoon as POT withdrew its programme with their cargo volume.

Port of Tauranga is classified as an essential service and continues to operate under the Covid-19 Level 4 restrictions imposed by the Government. However, some of its customers are classified as non-essential services and will suspend shipping during the lockdown.

Port of Tauranga has brought in new measures to prioritise urgent imported cargo during the national lockdown.

The measures allow importers to identify imported cargo required for essential services before it arrives in New Zealand so that it can be handled and transported first. The dwell charges deadline for priority cargo has been extended to provide relief to our import customers whilst ensuring cargo is collected promptly.

Non-essential imported cargo may be temporarily stored on or off-site until it can be collected by truck or transferred by rail to MetroPort Auckland. Non-essential cargoes will avoid dwell charges until April 26, 2020 (apart from one-off handling charges and power charges for refrigerated containers).

“We take our role as an essential service very seriously and our focus is to ensure vital food, medical and other supplies can keep moving,” said Mr Cairns.

“We also understand the stresses and strains on people and organisations trying to deal with the current situation, which has seen shipping delays, cancellations and other disruptions. “We need the support and co-operation of importers and exporters to help us manage the flow of cargo and avoid blocking the path of essential food, medicine, equipment and other supplies.”

Mr Cairns says the company remains in a strong position to weather the impact of the pandemic.

“We comfortably paid our interim dividend of $40.8 million on 20.3.20. We have a strong balance sheet and continuing strong operating cashflows from our diversified business,” said Mr Cairns.

“Many of our major exports, including meat, dairy products and kiwifruit, are classified as essential cargoes. Imports of oil products, food and medical supplies are also essential cargoes.”

“However, log and other forestry product exports will be significantly impacted as they are currently considered a non-essential cargo. This is unfortunate as we were seeing positive signs emerging in China, our major log export market. Business there had been returning to normal with log consumers recovering towards pre-Chinese New Year levels,” said Mr Cairns.

Cairns said the company has total committed debt facilities of $550 million, of which $57.3 million is undrawn. Only $5 million of these debt facilities mature in 2020.

“We have also secured an increase in debt facilities. We are confident we have the support required so that people don’t have to stress about having vital supplies as they go into lockdown.”

Sandie Allen

A port pile-up that will restrict movement in and out of New Zealand of essential goods is looming fast if the Government doesn’t recognise that all freight must move in the State of National Emergency, Road Transport Forum (RTF) chief executive Nick Leggett said last week.

“Truck drivers are providing an essential service. If the Government wants essential goods to have freedom of movement at this critical time, they cannot tinker with freight definitions,” Mr Leggett says. “This is going to cause massive problems in the next month that will restrict the movement of food and medical supplies that come into ports around New Zealand.

“Our industry totally supports the move to a State of National Emergency to prevent the spread of Covid-19. We know this is a very serious situation. But closing down the country to the scale we have now hasn’t been done before and it does reveal some issues that need to be addressed pragmatically.”

“We have been working with government officials who have been logging incredible hours and are committed to solving problems. However, they take their orders from the top and like the rest of us during this time, must do what they are told.

“To explain this situation, ships arrive at ports in New Zealand and are unloaded. All manner of freight can be on one ship and even within one container. To make way for the cargo to go on that ship so it can leave, and for all the other cargo coming in at the same time, freight needs to be constantly moved off the port. Truck drivers do that.

“We now have a situation where many businesses that receive some of that freight are closed and there is nowhere for it to go. If it is deemed by the Government to not be essential, it cannot be moved. Even by the end of this week, some ports will be struggling. If containers aren’t unloaded there will be a shortage of containers for goods going out.

“The Government needs to understand that all freight needs to move during this time to enable the valuable exports that are going out, such as kiwifruit, access to ports. Ships will stop coming if they cannot unload, and we may miss out on essential supplies.

“Shipping from Asia has picked up again in Auckland for example; they are expected 14,000 cars to be shipped in over the next month. Those cars cannot on the port; they have to go somewhere. The dealers that would normally take them are out. Freight for these parts are not an essential service, however, they are holding space that is needed for essential goods.

“Our industry is looking at how we can find a solution to get these cars out somewhere to go to, but we need the Government to allow that freight to move.

“We are trying to work with Government throughout the pandemic to ensure road freight has the support required so that people don’t have to stress about having vital supplies as they go into lockdown.”
### Exports

**To the Americas, Europe and Africa**

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**To West Coast North America and Pacific Islands**

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**Services to and from Australia**

Hamburg Süd offers two export and four import services per week connecting all key New Zealand North and South Island ports with fast, frequent, reliable sailings to and from Sydney, Melbourne, Adelaide and Adelaide (and from Brisbane). For further details, call our Export or Import service centres (see numbers below) or visit our website at www.hamburgsued.com

**Hamburg Süd – Export: 0508 222 444 Import: 0508 333 666**

**No matter what.**
Tiwai smelter to cut energy consumption

Meridian Energy — the operator of the Manapouri power scheme in Fiordland — confirmed this week that Tiwai Point smelter in Southland is looking to exercise its right to reduce consumption for up to six months under its 50MW Potline 4 contract.

Meridian’s chief executive Neal Barclay said the smelter is looking at ways to manage operations as part of their COVID-19 plan and discussions around reducing consumption are ongoing.

“Reducing consumption on the fourth potline provides the smelter with more flexibility to manage the safety of its on-site staff as it manages operations through the COVID outbreak,” said Barclay.

“NZAS has advised us this possible reduction is not related to the wider Strategic Review currently being conducted by the smelter’s owner Rio Tinto,” adds Barclay.

Meridian brokered a separate contract with the smelter in May 2018 that provides a price for an additional 50 MWh per hour (438 gigawatt hours per year) at Tiwai Point in Southland.

The contract, underwritten by Meridian and supported by contracts with Contact, Genesis and Mercury, runs until December 2022. The contract enabled the Tiwai Point smelter to commission its fourth potline in December 2018 after a six-year shutdown, expanding the use of renewable energy and increasing production.

Meridian’s main electricity agreement with NZAS that provides price certainty for up to 572 MWh per year (5011 gigawatt hours per year) of electricity to 2030.

In October 2019 the smelter’s owner Rio Tinto, initiated a Strategic Review of its New Zealand operations. The review is currently considering all options for the future of the smelter, including closure. Rio Tinto had advised Meridian that it will provide the market with an update on its review by the end of the first quarter in 2020.

Customs declarations still an issue in UK

Whilst the crisis caused by the Covid-19 virus is the main focus of UK freight forwarders at the moment, the British International Freight Association (BIFA) has reminded them that Customs declarations will remain a huge issue, if no trade deal has been reached between the UK and EU by the end of this year.

With grant funding still available from the UK government, it is reminding any company involved in international trade that its very popular online training course that focuses on Customs declarations is still available.

BIFA has reminded its members and any company involved in international trade that its online training course that focuses on Customs declarations is still available, with grant funding available from the Government.

Robert Keen, BIFA director general, says: “The Covid-19 crisis has kicked the transition period off the front pages, and our members are rightly focusing their efforts on their ongoing management of international supply chains that are under severe strain.

“However, with trade discussions between the UK and the EU stalled, and no sign of a request for an extension to the transition period, Customs declarations remain a huge issue, if no trade deal has been reached by the end of this year.

“At some point, we will emerge from the current crisis and I would urge members and anyone involved in international trade to consider how they can obtain a better understanding of Customs regimes and how to complete a Customs declaration when some sense of normality returns to international trade, whenever that might be, and whatever it looks like.”

BIFA’s online eLearning course was introduced in March 2019. It has 11 modules in total. These include: The Export processes, The Import process and entry completion rules, Customs Procedure Codes (CPCs) and Customs Simplified Procedures; and BIFA says it should not take more than around five hours to complete.

Mr Keen adds that HM Revenue and Customs (HMRC) has extended the deadline for businesses to apply for customs support funding to January 31, 2021.

Govt seeks infrastructure projects

The Government has tasked a group of industry leaders to seek out infrastructure projects that are ready to start as soon as the construction industry returns to normal to reduce the economic impact of the Covid-19 pandemic.

Economic Development Minister Phil Twyford and Infrastructure Minister Shane Jones said this week.

The Infrastructure Industry Reference Group, to be headed by Crown Infrastructure Partners chairman Mark Binns, will put forward to Ministers projects from the private and public sector that are “shovel-ready" or likely to be within six months.

These new projects will be in addition to and build on the Government’s $12 billion New Zealand Upgrade Programme and existing Provincial Growth Fund infrastructure investments.

The Government will then decide which could be funded, contracted and ready to go as soon as the construction workforce is able to return to work. Relevant government departments will also provide advice to Ministers.

“...the projects the Government would consider funding include water, transport, clean energy and buildings,” Mr Twyford said. They would also have a public or regional benefit, create jobs and be able to get underway in short order.

The group, which includes NZTA chairman Sir Brian Roche, KiwiRail chief executive Greg Miller and Infrastructure Commission chairman Alan Bollard as initial members, will work alongside the Provincial Development Unit (PDU) which has spent the past two-and-a-half years working with regions.

Register set up for PPE manufacturers

ManufacturingNZ has launched a national Personal Protective Equipment (PPE) to help identify manufacturers that can assist in the fight against Covid-19.

ManufacturingNZ executive director Catherine Beard says there is significant PPE manufacturing capability within New Zealand.

“...the Government was keen to get better visibility of what manufacturing capability we have in New Zealand to produce PPE, so we’ve provided this clear list that includes contact details for each business,” Ms Beard said.

“Many of the business reached out to say they could reconfigure their operation to do face masks and other equipment.”

Further details

Manufacturers can text ‘PPE’ to 313 to get the link to register. The list can be found at: www.manufacturingnz.org.nz/resources-and-tools/covid-19-ppe
COVID-19 considerations for importers and exporters

**LEGAL**

For importing and exporting businesses, disruption to global supply chains will be top of mind during the COVID-19 emergency, even as the Government works to keep freight moving.

"This disruption will inevitably lead to legal questions as events make contracts impossible or difficult to perform, or demand changes to previously agreed bargains. Some of the key legal issues that businesses will also have to consider relate to their supply chains.

Supply chain legal issues

"As you consider supply chain issues, you should review your contracts carefully to ensure that you fully aware of your rights and responsibilities, and those of the other party. This includes considering the risks and consequences of a default or breach under a contract, and whether it is possible to negotiate delays or alternatives."

Whose law applies?

"A key part is understanding your rights and responsibilities is knowing what law governs your contract – is it New Zealand law? What about another country? Or, in some cases, it might be the terms of the United Nations Convention on the International Sale of Goods 1980 (CISG) – this applies by default to contracts for the supply of goods between businesses of any of its 91 member states where the parties have not excluded its application. This includes contracts between traders in New Zealand and Australia, most EU states, China, the United States, Japan, South Korea, Singapore, Chile, Argentina and Brazil."

**Force majeure**

"Many contracts contain force majeure clauses. These clauses excuse a breach of contract (such as a failure to supply goods) for the duration of a so-called ‘force majeure event’. They are of particular relevance to contracts with a long-term or ongoing supply. A ‘force majeure event’ is an event that is outside the party’s reasonable control, such as a flood or other natural disaster."

"Every contract is different, however, so you will need to carefully read your contract to ensure that you understand what COVID-19 would be covered. This might not be straightforward – for example, the disease causing the difficulty, or the response of governments in the wake of the disease?"

"The release from liability that is granted by force majeure clauses generally only lasts as long as the event in question, so this is another aspect to be aware of. You should also look carefully at any force majeure clause to see if it requires you or the counterparty to take steps such as providing notice and mitigating any loss caused to the other party."

"Sometimes the impact of force majeure will be different depending on which event is involved in it, and it may give one party the right to cancel the entire contract."

"One thing to be aware of when it comes to your international contracts is that while in New Zealand, an event such as a conflict or law jurisdiction, force majeure can be implied, even if not expressly stated in the contract itself. The CGS includes a force majeure clause (Art 79)."

**Frustration**

"Frustration is one of those legal concepts that you won’t see expressly mentioned in your contracts, but that is being widely discussed in the context of the current pandemic. In essence, frustration is a common law doctrine that arises when it becomes impossible for the parties to do what they initially agreed to do under a contract because of a factor outside their control and for which they were not responsible."

"In New Zealand, the effects of a frustrated contract are explained in the Contract and Commercial Law Act 2017, but in short, if a contract is frustrated, then it automatically comes to an end, and neither party has further rights or responsibilities under it. Due to frustration is not commonly invoked in practice. Courts apply a high standard before they will consider a contract frustrated. This means that you shouldn’t assume that you will be able to get out of your responsibilities on the grounds of frustration."

"Rather, if you think that a contract has become frustrated, you should carefully review your legal advice as otherwise you might have to pay the other party for wrongful termination."

"Some countries may have similar doctrines to frustration. For example, in China, and in many civil law countries, there is a doctrine of ‘change of circumstances’ which, subject to certain conditions – operates where there is an unforeseeable and material adverse change to the fundamental assumptions on which the parties relied when they entered into the contract. Where applicable, parties may apply for a contract to be terminated or modified under this doctrine."

Waiver and flexibility

"It is inevitable that businesses will have to make changes over the coming months. You may need to seek alternative supply sources, vary volumes, buy exclusivity clauses, etc. Many contracts have provisions that allow for change or variation of their terms, or waiver of performance."

"You should make sure that you fully understand what your contracts allow for and what steps you need to take in order to make those changes or seek waivers (including whether any variations need to be in writing)."

"You should also make sure that, if you are discussing possible changes in arrangements with contractual partners, that you are clear as to whether or not you actually intend to enter into a legal obligation to vary your contract or waive your rights. You don’t want to find that you have unintentionally agreed to variation or waiver that you didn’t intend."

"In some civil law jurisdictions, there is a doctrine of hardship, which contracts that allow for the variation and/or suspension of contractual obligations where performance of the obligation becomes impossible as a function of unforeseen events outside the control or influence of either party."

Other contractual provisions

"There are a number of other contractual provisions to be aware of that you may wish to invoke, or that your counterparties may wish to invoke, for example:"

- Price adjustment clauses – parties may seek to adjust all or part of the contract price for goods due to increased costs (e.g. due to increased supply chain strain).
- Change of law clauses – some long term contracts might have a ‘change of law’ clause that entitles a party to terminate or renegotiate the contract where a change in the applicable law (such as government travel restrictions or quarantine requirements) makes it impracticable or impossible for a party to perform its contractual obligations.
- Limitation or exclusion clauses – some contracts have limitation of liability or exclusion of liability clauses. Parties may seek to rely on these (especially in the absence/inapplicability of a force majeure clause) to limit or exclude liability for non-performance. The ability to do so will depend on the wording of the clause.
- Material adverse change clauses – the outbreak of COVID-19 could trigger a ‘material adverse change’ clause in a contract where the parties entered into a contract where a change in the applicable law (such as government travel restrictions or quarantine requirements) makes it impracticable or impossible for a party to perform its contractual obligations.
- Termination or suspension provisions – a contract might have a clause that provides for the right to terminate or suspend obligations, whether for breach or otherwise. You should know what provision your contracts make for termination and when you or your counterpart might be able to rely on this right.

Other issues: regulatory compliance

As an importer or exporter, you may well have regulatory obligations in New Zealand and in other jurisdictions, such as ensuring that your products meet certain health and safety standards. You should make sure that you are fully across your supply chain so that if you know there are any issues that might make it difficult for you to meet these regulatory standards or requirements.

Thinking ahead

"While we are in the midst of the storm now, it is also important to plan ahead. Some key points to consider from a legal and practical perspective include:"

- New contracts: if you are entering into new contracts you should think about the risks that COVID-19 might present to both your and the counterparty’s ability to perform obligations. For example, you are dependent on suppliers who might struggle to meet their commitments to you? You should make sure that your contract deals with these risks, such as by clauses that deal with the financial consequences of delay in supply.
- Maintaining long-term relationships: long-term relationships are important. The best way forward will vary often quite the commercial solution to contractual difficulties, rather than responding to dispute resolution clauses and claims for damages.
- If disputes arise: History has shown us that, despite best intentions, disputes will arise. You should keep detailed notes of how COVID-19 and its impacts are affecting your day-to-day activities. This could be useful if a future contractual dispute arises over liability. Also be careful about how you reference the effects of the outbreak in discussions and internal or external communications. Check for time bars in your contract that require resolution of disputes within certain timeframes. And consider inserting binding international arbitration clauses in any new contracts, as arbitration is most easily adapted to a possible context of virtual hearings, and will have the best international enforceability.

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With a background in international and corporate law, Nicola Swan’s practice focuses on international trade, carriage, customs and AEO. She advises on trade disputes, compliance with customs laws, and international supply chains.

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With New Zealand in an unprecedented lockdown, businesses are having to adjust to the increasingly significant impacts of COVID-19. Chapman partner Daniel Kaldenirnis, lawyer associate Nicola Swan and trade law consultant, examine the legal issues.

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The New Zealand Shipping Gazette
April 4, 2020
Pump prices plummet as oil war rages

The COVID-19 global pandemic has tended to overshadow the tremendous battle going on in the petroleum sector, where the contest for market share continues between Saudi Arabia and Russia. Plunging oil prices are having a disastrous effect on the American sector, where the contest for market share continues between Saudi Arabia and Russia.

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Plummeting oil prices are having a devastating effect on the American sector, where the contest for market share continues between Saudi Arabia and Russia. The COVID-19 global pandemic has tended to overshadow the tremendous battle going on in the petroleum sector, where the contest for market share continues between Saudi Arabia and Russia.
New Zealand’s major exporter, the dairy co-operative Fonterra is helping the COVID-19 emergency by making more of its high-grade ethanol available to companies who use it in the production of sanitiser products, including hand sanitiser. This comes as the need for sanitiser grows exponentially throughout New Zealand. Fonterra is now manufacturing an additional 220,000 litres, on top of the 375,000 litres it has already made available to sanitiser manufacturers in recent weeks and it is now looking at all viable options to increase ethanol production to help with supply of sanitiser in the weeks and months ahead.

Fonterra has been working with its customers who use ethanol but don’t make sanitiser, to see if stock can be redirected to create more supply. Working closely with long-time customer, fuel company Gull, the Co-op has been independently testing Gull’s ethanol stock originally destined for fuel to determine where it’s suitable for use in sanitiser.

With the support of Gull, 250,000 litres has been independently tested, and is now approved for sale to sanitiser producers via Fonterra’s distribution network.

To date, an additional 403,000 litres of ethanol stock has been redirected towards sanitiser production all thanks to the support of Fonterra’s customers. In total, one million litres of ethanol has been redirected for sanitiser, which is the equivalent of 5.7 million 250ml bottles of hand sanitiser.

“Ongoing work to achieve this has been made possible by the efforts of teams across the Co-op and with the help of Fonterra’s national distributor Axico,” said the head of Fonterra’s ethanol business, Lactanol, Peter Motion.

He adds “it’s the socially responsible thing to do and really needed right now by our communities, especially those people and businesses on the front line of the country’s COVID-19 response efforts. “We will continue to work with our distributor and transport providers to improve supply chain efficiencies and increase the weekly volume available of ethanol available to producers from less than 85,000 litres a week to more than 250,000 litres a week.

Fonterra is also continuing to work with the Government to identify and prioritise industries that need sanitising products as they will be a necessity for all essential services,” said Mr Motion. “But it’s not only about looking after our employees too. "We are working hard to keep up with the increased hand sanitiser needs at our sites, and we are currently in the final stage of the process to make our own quality sanitiser product to ensure our people have what they need while at work. Production is scheduled to start this weekend.”
INTERNATIONAL PORT TO PORT

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TRADES

Worldwide Trades

These are hectic times with the coronavirus spreading over the world. With countries in lock-down and transport minimum services for liner shipping is increasingly challenging. The below is just a short summary of what is happening in the liner industry:

- Ports worldwide do their utmost best to keep up and running and only a few ports have had (temporarily) cease operations. For ports in Italy, in particular, this becomes increasingly difficult.
- The China Ports Association stresses that there are no restrictions in place on the normal operation of vessels arriving at China.
- Hamburg assures that there is no shortage and that there are enough containers available in northern Europe to cope with exports. Meanwhile, the German port deems the payment of port costs until the end of the year at the latest and lowers its tariffs until June 30.
- Due to severe labour shortages at ports and lack of hinterland connectivity due to the 21-day lock-down, some ports in India have declared force majeure, but will remain open and operational.
- Brisbane eases the restriction that prohibits ships from calling there within fourteen days of visiting a port in another country. Notwithstanding, carriers are adapting rotations or are not calling there.
- The Maritime Ports Authority of Singapore forbids changes in its ports.
- Various Consortium announce more cancelled sailings on Transpacific and Far East-Europe Mediterranean routes in April.
- Three US carriers (Crawley, Seaboard Marine and King Ocean) have jointly applied to the Federal Maritime Commission for permission to synchronise their operations in the US East Coast-Caribbean trade, including the sharing of information regarding deployed capacity and anticipated cargo volumes.
- Hapag-Lloyd hires over 100,000 TEU of additional equipment across the globe to keep the supply chain flowing.
- Maersk expects earnings to drop by USD 1.4 billion in the first quarter due to weaker volumes and suspends the 2020 guidance on EBITDA, notwithstanding it expects its first quarter 2020 to be better than in Q1 2019.
- Carriers may face a cash flow crunch as, up to now, they are receiving the money for cargoes shipped in the past, but will depend on the money that comes in for the lower conditions. It will also withdraw its proposed dividend for 2019 for Q1 2020 to be better than in Q1 2019.
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Tariff and Trade Statistics

During 2019, worldwide container volumes to and from Australasia and Australasia countries contracted by 4.9% to 54.7 million TEU, (converted million USD), according to (provisional) figures from Container Trades Statistics (CTS). Whilst exports declined by 2.8% to 2.24 million TEU, the much higher imports dropped by a higher 4.9% to 3.90 million TEU. Intra-regional trade fell by 9.1% to 449,900 TEU.

It should be noted that CTS statistics may be substantially revised upwards, when new information and corrections are processed, which may impact growth rates, amongst others.

The Australian export container trades grew strongly to the Middle East/South Asia Continent (+7.4%), but reduced to all other regions. The largest declines were noted to Latin America and Sub Saharan Africa (both under 8%).

With respect to Australasian imports, there was marginal growth from North America (0.3%), but declines from all other regions. In particular, the 26% reduction from Sub Saharan Africa is remarkable.

Europe Trades

APL/CMA CGM, COSCO/CSCL and Hapag-Lloyd will add Abu Dhabi to the itinerary of their joint Middle East/India Service which links the hubs of Tangier and Casablanca, Shanghai, Ningbo, Shenzhen (Shekou), Bangkok, Laem Chabang and back to Hong Kong.

COSCO Shipping’s OOLCL will charter southbound slots on the Intra-Asia (IA3) service of SeaLand Asia (Maersk). Destinations involved are: Taichung, Xiamen, Shenzhen (Nansha), Singapore, Jakarta and Surabaya.

ANZEX service from Port Chalmers (South Island) to Tauranga, Singapore, Noumea, Lautoka, Suva, Marsden Point, Keelung and back to Shanghai.

Other North-South Trades

CMA CGM has suspended its 4x 2900 TEU Guinea Gulf Express (GGX), which linked the hubs of Tangier and Algeciras with Conakry, Tema and Lagos (Tin Can).

Intra-Europe

With the perishables season coming to an end, Containerships (CMA CGM) will downsize its North-Europe Mediterranean service. Effectively, the carrier will drop the Morocco-Baltic slice and reduce the number of 1000 TEU ships from seven to three. The new rotation will be: London (Gateway), Hamburg, Antwerp, Le Havre, Casablanca, Agadir and back to London (Gateway).

For the same reason, SeaLand Europe & Med/Maersk dropped its own seasonal service between Morocco and North West Europe. It connected Agadir and Casablanca with Rotterdam, Bremerhaven and Antwerp.

Intra-Far East/Australasia

TJS carriers will introduce a new service between China and Hong Kong, dubbed Thialand Reefer Express (TRX). As the name implies, it is focused on reefer cargoes, with the two 1100 vessels being equipped with as many as 250 reefer plugs. The itinerary is: Hong Kong, Guangzhou (Nansha), Shenzhen (Shxou), Bangokk, Laem Chabang and back to Hong Kong.

Comparing CTS’ all-in rate levels from Australasia to the average rates from regional carriers, we see that October and December 2019 with the same months of 2018 provides a mixed, but in general negative picture. Rates to Europe and the Far East were down, as well as intra-Australasia tariffs, while to other areas they remained more or less the same.

In the opposite direction, from the rest of the world to Australasia, all-in rate levels rate developments were more pronounced. With the exception of Sub Saharan Africa, all rates were substantially down except for Europe in the month of December.

COMPANIES

Mergers and Takeovers

Fish processing company Samberji is trying to back out of its mandatory takeover bid for Icelandic carrier Hafstada due to the coronavirus crisis, and has requested an exemption from this requirement. The offer became necessary after Samherji increased its stake to just over 30%.

Carriers

The European Union has approved the transfer of stakes in ten container terminals from CMA CGM’s 100% owned CMA Terminals to TerminalLink, a joint venture with China Merchants. The US$815 million the French carrier will receive from this deal will be used to reduce its massive debts.

Publicly-listed Evergreen Marine Corporation, this consolidating the core of Evergreen Line’s activities, saw 2019 revenue grow by 13% in local Taiwan dollars to TWD1,906.62 billion, around US$64.6 billion. Operating profit also went up substantially, but this could not prevent the company from ending in the red with a net loss of TWD22.3 million (US$7 million) during the entire year and a fourth-quarter loss of TWD36 million.

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COSCO/CSCL and Gold Star Line will merge the Far East-South Africa ZAX3 (COSCO denomination, other carriers use different codes) service with the ZAX1 service of COSCO/CSCL, Evergreen ONE and PIL. Additionally, Gold Star Line will join ZAX2, provided by the same latter carriers, as a slot charter. Consequently, there will remain two loops involving all the mentioned carriers, as follows:

- Loop 1 — Kaohsiung, Xiamen, Hong Kong, Guangzhou (Nansha), Shenzhen (Shxou), Singapore, Pot Kelang, Durban, Cape Town, Port Kelang, Singapore and back to Kaohsiung
- Loop 2 — Qingdao, Shanghai, Ningbo, Singapore, Durban, Singapore and back to Qingzhou.

Intra-Americas

Port do Açu Operations and Noroe Shipping have agreed on starting a feeder service between Porto do Açu and Rio de Janeiro in June. The Brazilian domestic connection, which previously sailed around 300,000 kilometres, will be provided by a unit of 350 TEU. It will most likely be a ror-barge configuration.

Final imports/Share of 2018 Revenue

2019 2018 2017

Revenue % 15% 15.8% 15.0%

Operating profit 41% 15.5% 30 30 68 68 64

Net profit -2.3 -3 -11 -11 35 35 35

EBITDA/TEU (USD) 2,430,300 2,584,200 3,000,100 100%

(Domestic currency USD)

EMC excludes Evergreen International SA, Italia Marittima, Evergreen Marine (Uk/Hong Kong/Singapore), but includes air transport and hotels, amongst others. EMC is the main company of the much larger Evergreen group.

It was a prosperous 2019 for Hapag-Lloyd. Whilst turnover grew by 9.5% (in Euros) to €12.6 billion (US$14.1 billion) and EBITDA almost doubled to €1.99 billion (US$7.1 billion), net profit soared to €373.4 million (US$419 million), this was the company’s best result since 2010 (when all carriers were making big profits).

The New Zealand Shipping Gazette April 4, 2020

World Shipping News
Hapag-Lloyd’s revenues per container carried was virtually unchanged. By trade lane the differences were also quite small, with the exception of the category others, which refers to the Europe-Mediterranean-Africa (EMA) trade.

Milaah of Qatar posted a revenue from container operations of QR464 million (US$154 million) for 2019, a year-on-year rise of 1%. Its operational result was a negative QR71 million (US$19.3 million), but as with many other contemporaries, it was a major cause.

OOCL, part of the COSCO Shipping Holdings group and an affiliate of COSCO, saw its net profit for 2019 go up to US$470 million compared to US$108 million the year earlier. This rise, however, was for the larger part to be attributed to the sale of Long Beach Container Terminal, through which it booked a gain of US$1.15 billion. Without, net profit would have been US$195 million, which is still an almost doubling compared to 2018. Whilst carryings went down by 3% to 2.82 million TEU, growth in revenue was 14.9% to US$1.15 billion. Without, net profit would have been US$27 million, which still represents an almost ninefold increase. Because of the sale of Long Beach Container, OOCL reported a 20% growth in EBITDA to US$823 million.

Energy & Propulsion

Due to the still reduction in crude oil prices, the price of HFO has dropped below US$200 per ton. The price gap between Heavy Fuel Oil (HFO) and Very Low Sulphur Fuel Oil (VLSFO) also shrank, to USD around US$60 per ton in Rotterdam. Notwithstanding, the reduction seems to be bottoming out or even increasing again. Fuel price by type (USD/ton) — Rotterdam prices

Lay-up/Idle

Compared to two weeks earlier, the idle fleet grew by 85 ships/975,000 TEU to 315 units/3.36 million TEU on 16 March. Although many are undergoing scrubber installation, cancelled sailings due to the corona virus are also a major cause.

Intra-Asia

Far East/Australasia

Whilst port throughput figures over such a short period usually have no sensible meaning, this time, due to the corona virus, China’s January-February numbers tell a dreadful story of decline. Altogether, the country’s seaports handled 101.1% fewer boxes, or 10.6% if river ports are included. Interestingly, not all ports were hit with the same force. Around the Bohai Rim, Dalian and Yingkou lost more than 20% each, whilst Tianjin performed substantially better. In the Shanghai-Shenzhen range, ports were down by only 10%, with the exception of Xiamen, which handled 8% less. The least damage was sustained by Qingdao, which saw those numbers go down by just 1.4%.

Revenue

Revenue 18/19 2018 2019 2018 2019
Share 20% 130 324 511 152
Growth 5% 10% 5% 14%
EBITDA 216% 400 126 111 41
Net profit -89% -13 -120 -1 46
Revenue (TEU) 3% 2,822,000 2,944,000 1,521,000
Net profit (USD) 17% 115 158 194
EBITDA (USD) 227% 142 45 85 87
Op. Margin (Million USD) 12.1% 3.9% 13.9% 3.6%

Regulations, Treaties, Official Bodies

As proposed earlier, the European Commission has extended the Consortia Block Exemption Regulation (BER) until April 2024, without modifications. Although the EU generally bases agreements between carriers that restrict competition, the block exemption allows, under certain conditions, carriers in a combined market share of maximum 30% (or 19%) to operate liner joint services as long as their cooperation does not include price fixing or market splitting.

The DynaLiners Shares Index

The downswards movement of the DynaLiners Shares Index continues in these challenging times. At least this week, the rate of descent had slowed with the main index losing twenty-eight points to register 645. All other indices contracted and in doing so reached record low points again, with the exception of DLSI Carriers, which still has a little way to go to reach that record. Although faring least of all with just a 14-point contraction, DLSI Boxes now reached a mere 400 points. The figure below for all indices for the year to date tells the story very clearly.

At individual company levels, thirty-one managed to improve their share prices this past week. Indonesian carrier TEMAS Line (+29%) and box lessor CAI (19%) both gained strongly. For the latter, this was something of a bounce back from the previous week’s loss of 45%, but by no means a full recovery. Eighty-two companies saw their shares fall in value with non-operating owner SFL Corporation and Turkey’s Cihan Ports Holdings both losing 27%. The overall average change was a loss of 5.2%. Normally, figures as presented here would be extreme. However, for the time being, everybody’s consideration of what is “normal” has moved towards what was previously abnormal.

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<td>12%</td>
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<td>15%</td>
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<td>1,661,000</td>
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<tr>
<td>Transatlantic</td>
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<td>15%</td>
<td>1,980,000</td>
<td>1,806,000</td>
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<td>Latin America</td>
<td>24%</td>
<td>22%</td>
<td>2,375,000</td>
<td>2,744,000</td>
<td>3,295,000</td>
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<td>Intra-Asia</td>
<td>7%</td>
<td>14%</td>
<td>900,000</td>
<td>1,944,000</td>
<td>1,850,000</td>
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<td>Others</td>
<td>6%</td>
<td>6%</td>
<td>670,000</td>
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That other virus has reappeared

By Dale Crisp (Melbourne)

It was initially detected at a disturbing rate at container terminals back in back in April 2017, appearing first at DP World Australia before quickly spreading to Patrick, and by July 2018 was prevalent at all major terminals in Australia.

There’s been a rampant increase in numbers ever since, unchecked by regulators, governments or importent victims, and there’s no sign of a cure in sight.

Yes, it’s the stevedores’ terminal access fees, now rather more transparently re-branded from the original ‘infrastructure’ fees, and another round of increases in these and associated landed charges has just been announced by – you guessed it – DPWA.

Let’s back up briefly to recall that since 2017 stevedores have almost taken turns to announce, at a minimum, annual rises in infrastructure/access levies as they seek to “re-balance” revenues away from the under-pressure ship-side (re) shipping line contracts to the powerless-to-negotiate road and rail transport operators.

Having once again ignored all protests from landside users and warnings from the government, DPWA introduced another round of increases on January 1, this year (see Shipping Gazette January 18) and was temporarily leap-frogged by Melbourne’s VICT with its new benchmark charge effective March 1.

Then in early February – inevitably – Patrick announced increases in terminal access fees, vehicle booking service fees and a range of associated penalties such as truck No Show and Wrong Time Zone, applicable nationwide from March 9. In addition, increased storage fees would be applicable (including for Dangerous Goods), and a new early/late container receival policy implemented.

In a strategically cute move Patrick also split its terminal access fees, with higher charges for full laden transport containers than for full laden export containers. “Patrick’ boss, Neil Patrick, has listened to the concerns of Australian exporters (lower value commodity exporters particularly) and, specialising during these current times of bushfires and drought, CTAA’s Neil Chambers said at the time. “The consequence though is that import containers will attract higher fees. So, according to a very handy chart compiled by CTAA and FTA/APS, as of March 9 the lowest TAFs in Australia were in Adelaide, where Flinders Finders charges A$28.50 per import and export container (all charges are exclusive of GST, by the way) while the highest were in Melbourne, where Patrick was charging A$125.80 for imports and A$82.50 for exports.

For comparison, VICT Melbourne then sat at A$121.80 for imports and exports, and DPWA at A$98.00 for each.

You can see where this was heading, can’t you?

And indeed, late last Friday (March 27) DPWA announced it was catching up – well, very belatedly – with protracted negotiations over new terminal leases are continuing and the WA Government has made known its displeasure – via another swathe of rises.

Mr Chambers was very quick off the mark and in (typically trenchant) form, as Australasian Transport News characterised him:

“Late on Friday afternoon, after a very stressful week for vast numbers of businesses in the Australian economy responding to the COVID-19 health pandemic, DP World Australia announced changes to its access fees levied on container transport operators in Melbourne, Sydney and Brisbane from May 2020,” Mr Chambers wrote in an urgent Saturday bulletin to CTAA members.

“The fees hike for terminal access for full import containers, and some other access fees related to truck entry, have been labelled ‘tone deaf’ by many of their customers, are facing significant cash-flow concerns during the worst global health crisis since the end of the First World War.

“The timing of the increases, and yet again, a lack of any form of consultation with their landside ‘customers’ belies DPWA’s supposed ‘catch up’ with the move by rival Park Terminals.

“DPWA has announced decreases in their infrastructure charges on full container operators, clearly playing ‘catch up’ with the move by rival Park Terminals, and other to differentiate the access price for exports.

“But, they have made up for the export fee decreases by raising terminal access fees for full container imports. As the majority flow of container trade in Melbourne, Sydney and Brisbane is from imports, DP World will be collecting far more fees from imports than exports,” he noted.

“This foreign-owned company, in a pseudo monopolistic position within the container logistics chain, has shown little regard for container transport operators facing a significant cash-flow squeeze, or for Australia’s importers who from May will pay significantly more for landside terminal access once the fees are passed through the supply chain by transport operators.

“It’s all about their bottom line, and not about the general welfare of the container logistics chains in these unprecedented times.

“This comes at a time when many importers, large and particularly small, are facing unprecedented interruptions in their supply chains, while the whole landside logistics sector has significant cash flow concerns, with worst possibly to come if further stages of economic ‘lockdown’ are imposed by governments.”

Mr Chambers reported that another major fee increase announced relates to truck interaction with DPWA terminals. Tracks that do not arrive for their booked slot are charged a No-Show Fee. In Melbourne and Brisbane, this is to climb from A$150.25 per event to A$210.35 – an increase of 40%, with no negotiation or justification.

“It’s interesting to note that the No-Show Fee increase didn’t occur in Port Botany where mandatory regulatory standards apply to the landside terminal interface. Also, none of these fee increases have been applied in Fremantle, where the WA Government and the state-owned port authority, Fremantle Ports, took a dim view of DP World’s previous landside fee increases announced in January this year.”

Mr Chambers concluded:

“This makes many CTAA alliance companies question whether mandatory interface regulations are required, or at the least pricing regulation, which CTAA in January and February industry voices have been calling on governments to consider for a long time.

“It’s further disappointing, because CTAA had written formally to DP World on two occasions since the start of the pandemic, asking what the stevedore company could do to work with transport operators and others in the chain, to experiencing real cash-flow concerns. CTAA again reiterates what we now know why... they were plotting this bombshell.”

Negotiations Covid, and condemnation came from all quarters with Road Freight NSW chief executive O’Hara also unleashing both barrels:

“This multi-national has shown itself to be opportunistic. Prepared to inebriate the State Minister Andrew Constance and go against the Prime Minister’s view and community expectations that we all do our bit during this time of post COVID-19 business closures, job losses, unpaid invoices, and widespread fear within the community,” he said.

“Road Freight NSW has called on the NSW Government to stop the stevedores, right now during this crisis, from charging these types of increases and regulate stevedores more fully and ensure compliance particularly with regards to infrastructure access charges which continue to grow despite the last increase in April 2020 – 2020 from DPWA.”

FTA/APS’s Paul Zalai sought an urgent meeting with DPWA CEO Glenn Hilton but had to report, somewhat sarcastically that after a lengthy conversation “Disappointingly there was no agreement in terms of the appropriate charges nor the scheduled changes to rates.

“Instead, DPWA has decided to reconsider and provide a reprieve on import businesses with our projection that many may not survive the financial hardship of the current and emerging economic environment. This may in turn lead to excessive container congestion at terminals which is the last thing that we need during this COVID-19 crisis.”

Just for perspective:

In April 2017 DPWA’s Melbourne charge was A$33.45 per container; by January 2018, it was A$85.65 and from May 1, 2020 it will be $125 (per import container). Work out the percentage increase for yourself; it’s no wonder transport companies and shippers are squealing anew.

• Dale Crisp can be contacted at dalecrisp@bigpond.com
Financial stimulus moves vital to keeping business afloat

Warren Head

One week into the State of Emergency, the typically free-spirited nature of New Zealand has been turned on its head for an adjustment in the life of the nation. The full impact of the coronavirus has still to unfold but the economic consequences have now been assessed and they are very sobering.

Much now depends on success on several fronts. The most important is that the Government’s Civil Defence strategy to stop the virus in its tracks through self-isolation and eventually its eradication. That we have time on our side any longer.

The second is to maintain strong communication between households and the businesses now living within them, to sustain a strong work ethic.

The third is to keep as much of our business sector afloat in the face of a likely threat of company failures as the consumption chains. New Zealanders will be shocked into an awareness of how vital business is to their future wellbeing and why agriculture and horticulture matter as much (if not more so) as tourism and I.T. The country and its leaders will receive a harsh lesson in survival at the end of long trade lanes that are now utterly reliant on shipping lines, airlines, freight forwarders, logistics firms and trucks remaining solvent.

The brightest news this week includes reports that kiwifruit and apples are being harvested and shipped through ports that have kept open.

The bleakest news this week (apart from the rising rate if Covid-19 infections and New Zealand’s first death), was the ANZ Business Outlook. “Times are grim. We’ve never seen such a broad economic shock strike with such ferocity,” said ANZ Bank chief economist Sharan Zollner. “Firms are right to be alarmed. Both fiscal and policy are leaning into action but a severe recession is guaranteed.”

Westpac sized up the economic impact this week and chief economist Dominick Stephens comments, “The Government’s job is to backstop the economy through the Covid-19 disruption so that the recovery can be as smooth as possible, while keeping its own balance sheet reasonably intact. We have been impressed with the Government’s response to date, which we think will do a lot to minimise long-term damage to the economy.”

Most of the Government’s actions have met our understanding for good Covid-19 policies: they should be timely, targeted and temporary.

“Most importantly, the Government should avoid taking too much new recurring expenditure, so that it can demonstrate to markets that it has the means the to repay the huge debt it is going to incur.”

“The central plank of the response so far is wage subsidies for workers in affected industries. This will be a massive aid in keeping firms solvent, people attached to their jobs, and unemployment manageable. The downside is that this policy is incredibly expensive, so the Government can’t keep it up for long. The Government will automatically shift into deficit as tax revenue drops and expenditure on the likes of health and social welfare increases. We have calculated that this automatic deficit, combined with the rescue measures already announced, will require the Government to increase its borrowings by $65 billion over the medium term.”

“For our forecasts we are assuming further economic rescue measures will be announced, taking the increase in debt to $70 billion. The government debt to GDP ratio is currently 18.5%, but we expect it will rise to 40% by mid-2022.”

New Zealand is stepping into a new era of quantitative easing. The NZ Debt Management plans to raise $17 billion of nominal government bonds in the June quarter plus more than $3 billion of additional Treasury bills than previously indicated. It is probably just the start of more capital injections into the banking system.

“Subject to market conditions, a syndicated tap of the 2031 bond is planned for next week and another syndication is expected before the end of June,” said Jason Wong at BNZ Markets.

Planned issuance is of an order of magnitude never seen before and without the RBNZ’s $30 billion QE programme in place, issuance on such a scale would simply not be possible anywhere near current interest rates. In the course of time we think the RBNZ Monetary Policy Committee will decide to increase the QE scale from 60 billion a week to 120 billion a week, and once the $100 billion is met, it will likely use its operational flexibility to frontload purchases.”


Lockdown the ‘right call’ but comes at big cost

The Covid-19 lockdown was the right decision to save lives, but the economic cost will be severe, says Westpac bank in a special bulletin ‘Unprecedented Times’ this week.

The bank’s chief economist Dominick Stephens says, “The Government’s four-level alert scheme gives us a useful structure. For each Alert Level, we have estimated the likely impact on activity in 103 industries across the entire economy, using a rough estimate of the total economic impact.”

At Alert Level 2 economic activity would be reduced by about 4% relative to normal. The biggest economic impact would be that the borders are virtually closed to international travellers and domestic travel is limited. At Alert Level 3 the decline in GDP would be 8%. All mass gatherings are banned and public venues like cafes, restaurants, cinemas and libraries are closed. Some nonessential businesses would close but others would continue to operate. At Alert Level 4, which we are in now, economic activity declines by about 33%. All but the most essential businesses are required to close and most people are required to stay at home.

Westpac are assuming Alert Level 4 for weeks. “But we are assuming Alert Level 3 until the end of June, and Level 2 until the end of September. However, we assume that individual regions will revert to Level 4 at different times.”

Even at lower Alert Levels, the possibility of a return to Level 4 will keep businesses and consumers cautious until Covid-19 has completely passed. And no matter what New Zealand’s situation, other countries will be battling Covid-19 throughout, which will impact exports.

“We have concluded that New Zealand GDP will fall by 15% in the March quarter and 14% in the June quarter. The end of the lockdown will allow a large jump in economic activity as businesses reopen and as some catch-up activity occurs (for example, haircut and doctors’ visits will have been delayed). We are forecasting a 10% lift in GDP for the September quarter, although that would still leave the economy 5% smaller than at the start of the year.”

“For comparison, during the entire GFC the economy shrank by 2.7%. We estimate that annual average GDP — which measures economic activity over a whole year compared to GDP over the whole of the previous year — will be down 5.6% in 2020.”

The hardest hit industries will be those involved in tourism and hospitality related activities, including tour operators, car rental firms, restaurants, cafes and bars. Westpac are assuming an almost complete absence of foreign tourism until late this year, and only a gradual recovery beyond that.

The building and construction sector will go into stasis for a while, affecting numerous small subcontractors and suppliers, industries such as secondary metal machining, cutting and fabrication. The forestry sector will be hit by a double whammy of an earlier slowdown in demand from Covid-19 hitting China and now an enforced local lockdown.

Layoffs and business failures are more likely to occur in industries that feature a high proportion of small firms, such as wholesale and retail, hospitality, rental and leasing, tourism and small manufacturers. “Small firms are more likely to lack the deep pockets required to tide themselves over during the period of disruption,” said Mr Stephens. “Once the crisis has passed, however, it will be small business that leads the recovery.”

“Cheap money and low barriers to entry will encourage new entrepreneurs driven financially to start up soon. Large firms are more likely to survive the downturn but will be less dynamic because they will focus on reducing debt.”

Since the release of half-year results and guidance in mid-February, Skellerup’s global businesses have and are continuing to operate safely and effectively and trading has been at expected levels, the company advised today.

Skellerup released its 1H20 results on February 13, 2020 and at that time advised that FY20 net profit was expected to be consistent with the prior year.

“We advised that we had not seen any immediate material impact of the new coronavirus (Covid-19) on our business,” said David Mair, chief executive.

“Since that time, Skellerup’s global businesses have and are continuing to operate safely and effectively and trading has been at expected levels. Again, we continue not to have seen any year to date material impact of Covid-19 on our business.”

Key Points

• Skellerup facilities worldwide have been and continue to operate.

• Skellerup has and continues to advise and monitor its people to help them protect themselves and families from the Covid-19 pandemic.

• Many Skellerup products are essential and non-perishable helping to ensure safe food and water.

• Skellerup’s businesses have to date not been adversely affected from material supply chain interruptions and have been able to meet all customer requirements.

• Skellerup expects end demand for some of its products may be impacted but to date there are no material changes to our business or year to date earnings for FY20.

Mr Mair said “We have not experienced any material change to our business results since reporting our 1H20 results. Our leaders and teams around the world are working well to manage through the challenges of working in the current environment.

“Given the restrictions being placed by many countries on movement of people we expect we could see changes to scaled back for our products in the future. It is impossible to say at this time to what extent demand may change.

Skellerup has decided not to issue an updatedFY20 NPAT to be consistent with the result achieved in the pcp.”
Air New Zealand nosedives into safety net

Warren Head

Air New Zealand’s sudden descent in the massive turbulence inflicted on global aviation (COVID-19) would have broken lesser companies. The airline’s loss of 90% of its capacity in the shutting of national borders is having enormous effects on its grounded shareholders and stakeholders who have seen 66% of valuation lost in just a month. However, AIR has funding certainty in the form of a government loan of up to NZ$900 million

This provides immediate liquidity and cash burn financing for the foreseeable future.

Air New Zealand was running into the headwinds of competition and fuel cost for its key routes between Saudi Arabia and Russia has crushed the oil market and lowered costs.

The airline is too important to the nation to be allowed to fail. It is vital for air freight movement domestically and internationally.

As part of the rescue deal the 11cps interest rate is currently 7% and 8% for the first two years.

The effective interest rates step up in FY11, immutable. The other terms of the agreement were fairly set, with overly high interest rates on each of the two capital tranches considered by the government – possibly set up to remove any risk of favouritism.

The NZ$900 million loan facility comes in two tranches: (1) NZ$450 million — effective interest rate 7%—8%, and (2) NZ$450 million —9% effective interest rate. It has a duration of up to 24 months.

The effective interest rates step up by +1% on both tranches after 12 months. The government has the ability to trigger a capital raise after six months, or convert the loan to equity.

“Shake the loan be swapped for equity, the Queen, as major shareholder (NZ Treasury on behalf of all New Zealand citizens), will move from 32% ownership to nearer 75% and AIR will be one of a smaller number of the global carriers that have survived.”

Back in 2001 this worked out so brilliantly (an $800 million injection into Air New Zealand was repaid by $1.8 billion in dividends over subsequent years).

The governments of Australia, UAE, Qatar, Germany and Singapore will just as likely need to support their national carriers should the global shattering of air flights elongate. The aviation industry won’t return to “normal” quite anytime soon.

The outcome will be that cut-price competition will be in tatters and the world may still have an even lower oil price/jet fuel price that being right now in the new oil war between Saudi Arabia and Russia. Meanwhile, ordinary shareholders will need to suck it and see and the current shareholder structure.

The immediate future is secure, despite a worsening demand backdrop, but there is too much demand and there is no balance sheet to hold the near term to have any degree of confidence on what position the balance sheet will look like in six, let alone 12 months, says stockbrokers Forsyth Barr.

“While the company has taken few impairment charges in recent history, in a crisis like this, the oil price will dramatically affect the value of the business, if you have to write down the balance sheet.” It didn’t take an impairment charge then given the recovery rate of a continuation of prior use was considered higher.”

Air NZ undertakes drastic downsizing

No supply chain concerns for Cavalier

Carpet manufacturer and exporter Cavalier Corporation is active in monitoring the COVID-19 situation and say while there has been no discernible impact on business performance in the last month, directors are aware that retailers who stock and sell their carpets are reporting a significant slowdown in customer traffic and orders.

Cavalier chief executive Paul Foran said, “A pandemic of COVID-19 is unprecedented and rapidly evolving and we are not immune to the commercial impact this will have on consumer behaviour.

“We have been controlling company-wide travel ban and are delaying all non-essential capital and operational expenditure.”

“As at the start of March 2020, we were trading in line with expectations, however, we cannot foresee the extent and timing of COVID-19 on our business.”

“There have been no supply chain or manufacturing capacity concerns to date and we are confident that the actions that we have put in place will ensure our ability to supply our customers with the carpets and rugs they have or will order.”

Cavalier indicated at their annual meeting that it would be moving into a transformational phase in coming months with further detail to be communicated to shareholders before the end of the financial year.

Cavalier now reports that while those plans have been approved, the implementation and communication of this strategic change will now be tempered by the rapidly changing impact that COVID-19 will have on the business.

Mr Foran continued: “We remain fully committed to a natural fibre future and we will be carefully monitoring the impact this pandemic will have on our business.

“We have limited reliance on international supply chains, sourcing our wool needs direct from our New Zealand farmer suppliers and selling over 95% of our finished natural fibre carpets and rugs to clients in both New Zealand and Australia.”

Given the significant uncertainty surrounding the extent and the duration of COVID-19, Cavalier is unable to provide any earnings guidance for FY20.

Air New Zealand now a crucial air freight link with markets.

Air New Zealand will begin the painful process of materially reducing its workforce from this week as the severe economic impact of COVID-19 hits the airline.

“We have had to cut more than 95% of our flights here in New Zealand and around the world, chief executive Greg Foran says in a letter to airline staff this week.

“The only flights remaining are in place to keep supply lines open and transport options for essential services around the world.

“Before COVID-19 came along we had global air travel, we had annual revenue of around $5.8 billion.

“After paying all our bills, that saw us end the last financial year making a profit of $374 million. And we had over a billion dollars in the bank, which was our version of the rainy-day account in case an unexpected event hit our business.

“Unfortunately, COVID-19 has seen us go from having revenue of $5.8 billion to what is shaping up to be less than $500 million annually based on the current booking patterns we are seeing. That’s right — a drop of more than $5 billion dollars.

“This has the potential to be catastrophic for our business unless we take some decisive action. The only way we will see an improvement in that revenue estimate this calendar year is if Kiwis embrace domestic travel after the Level Four Alert is lifted.

“The harsh reality is that most countries will take a cautious approach to allowing international tourism in the next year, New Zealand included. And international tourism flows make up two thirds of Air New Zealand’s revenue.

“Unfortunately it is, our revenue and expenses forecasting indicate that a large-scale reduction of the workforce must occur on top of all our other actions.

“The extent of this reduction is based on conservative assumptions and we may have to change these as the situation evolves, especially if the Level 4 Alert goes beyond the planned 28 days or border restrictions are in place for a prolonged period.

“So, this week will begin the process of a large-scale reduction of our workforce in the international regions.”

Mr Foran states, “To be clear it is shaping up that the size of the Air New Zealand workforce will reduce by up to 3500 roles in coming months.”
The new quarter has begun on a poor note for risk assets, with chunky falls in global equities, higher credit spreads, and lower US Treasury rate, comments Jason Wong at ANZ Markets. “In currency markets JPY and the US dollar have underperformed, while the NZD has made a few attempts at going sub-0.59.”

In currency markets midweek, the JPY was the top performer, with USD/JPY down to 104.25 and NZD/JPY down to 68.15 to 64.3. The US dollar was well bid, up 0.8% on the various indices, another sign of stress in the market. The NZ dollar fell as low as 0.5880 midweek and sat just above 0.59. “Our central forecast has been for a final meltdown that takes the NZD below its March low of 0.5470, but alternative scenarios remain plausible and it remains to be seen whether that low can ultimately hold,” said Mr Wong.

The AUD got down to 0.6040 in midweek to sit around 0.6075, with the NZD/AUD back up to 0.9740 after a mini crash towards 0.9690 near the London fix. EUR has been particularly weak for reasons that are obvious. This saw NZD/EUR lofty at 0.5410.

Preliminary export data were encouraged by the Government’s herculean funding needs are weighing on market sentiment, commented ANZ bank, noting also rising concern in Europe about “Sovereign Debt Crisis Mark II.”

“It was a bleak start to Q2 for risk assets. Anxiety over the trajectory in COVID-19 cases, ongoing and widespread suspension of dividend payments and warnings from the Bank of Greece Governor that Europe could be facing another sovereign debt crisis, weighed. Extended deadlines for lockdowns in Italy and Germany beyond Easter reinforced the negative economic sentiment.”

Westpac View
NZD/USD rebounded during the past week, driven mainly by the 7% weaker USD and better risk sentiment overall says Imre Speizer, head of NZ market strategy at Westpac. He notes the risk aversion barometer VIX pulling back from its extreme.

“This rebound targets the 0.62-0.63 area during the week ahead. Further ahead, though, the cost of rescuing NZ economy will become more apparent, with March hard data likely to be released from mid-late April onwards. That may catalyse a fresh wave of NZD selling to sub-0.55.

“NZD/AUD has been fairly stable, given the severity of the COVID crisis, and looks set to remain in consolidation mode between 0.97 and 0.99. Indeed, there’s a hint of downside risk during the week ahead, with the AUD more sensitive than the NZD to any improvement in the Australian goods drivers such as yield spreads and commodities have largely been ignored during COVID." "Multi-month, we continue to expect a 100 basis points fundamentals reassess themselves.”

The NZD/EUR corrective rebound could extend to 0.5000 this week if global risk sentiment improves further, he adds. EUR is considered a defensive currency than the NZD. NZD/GBP continues to consolidate between 0.68 and 0.50, with GBP seen as a “risky currency” during global crises, and thus co-moving with the NZD.

“NZD/JPY has potential to test 66.00 if global risk sentiment continues to improve, given the yen is a classical safe-haven currency. NZ-JY yield spreads have fallen but largely to year highs having reached their lower bound many years ago.”

Headliner currency commentator ‘Cross-Rate’ says this week, that the speed and extent of the bounce back in the NZD exchange rate value against the USD over the previous week may be providing some confidence that, on a relative scale, the NZ economy may get through this health/economic shock somewhat better than others.

The Kiwi spiralled higher to close at 0.6404 on March 27 from below 0.6700 a week prior; “The recovery in global equity markets over recent days has been one factor behind the NZD rally, following the investor risk-off and risk-on mood of sentiment.

The NZD depreciated 17% from the January level of 0.6600 to a low of 0.5470 on March 19 then rebounded to 0.6404 to be only down 8.5% on the January levels.

The NZD/USD rate has closely tracked the GBP/USD (“Cable”) exchange rate over recent weeks for some undetermined reason. There is no real strong economic connection between New Zealand and the UK anymore, however, our currencies are behaving in a very similar fashion against the USD. From the $1.3000 level in January the GBP/USD rate collapsed to $1.1500 (March 19) down 11.56%. The GBP/USD rate then retracted just as spectacularly to $1.2450 (only down 4% on January). The evidence is that from 0.6404 the Kiwi may still have some catching up to do . . .”

Rapid recoveries of the NZD exchange rate from massive sell-offs in the 1999 Asian financial crisis and 2009 Global Financial Crisis were noted.

The Kiwi dollar price action showed the hallmark of those immediate rebounds from oversold positions. “Being the 10th largest traded currency in the world with significantly lower daily volumes and market liquidity than other currencies does mean that our sell-off is always exaggerated (the same goes for the subsequent rebounds).”

Oil Market
On the oil market, US President Trump spoke to Saudi and Russian leaders in an attempt to stave off a global oil supply war. “It is no longer clear that it was not planning to boost crude production now, but in a tweet Saudi’s Aramco boasted about its recent decision to ramp up production significantly.”

With US crude inventories soaring by 13.8 million barrels last week alone, crude is down over 5% to sub-$25 levels while WTI is down back probing the $20 mark.

Air Cargo
American Airlines is deploying its currently grounded passenger aircraft to move cargo.

American Airlines sets up cargo network
American Airlines is continuing to operate international widebody service to key locations around the globe, serving as a vital partner for freight forwarders and supporting global trade in the face of the coronavirus (COVID-19) pandemic.

The world’s largest airline flew long-haul widebody passenger flights carrying cargo this week to locations including Auckland Airport (AKL), São Paulo International Airport (GRU) and Honolulu International Airport (HNL).

These flights are in addition to existing passenger flights which continue to operate daily between North American, International Air Transport (DFW) and London Heathrow (LHR), Miami International Airport (MIA) and LHR, and three times weekly between DFW and Nauru International Airport (NRT).

American Airlines will utilise its cargo capacity with more roundtrip flights between DFW and Frankfurt Airport (FRA) beginning March 26 – bringing a total of more than 40 widebody flights operating this week across the globe. JPMorgan’s Aviation intelligence, Forex & cargoirling Global tracking routes, offering additional opportunities for cargo capacity around the world.

“The air cargo industry plays a vital role in supporting the world’s economy and it’s more important than ever before that we continue to find solutions to serve our customers,” said Roger Samways, vice president cargo sales. On March 20, 2020 American deployed its first cargo-only flights since 1984 between DFW and FRA.

Two Boeing 777-300 aircraft flew two round trips between DFW and FRA over the course of four days, transporting critical goods including medical supplies, mail for active US military, telecommunications equipment and electronics that will support personnel working from home, and e-commerce packages.

American Airlines makes freight flight to China
Air New Zealand’s first ‘freight run’ service to Shanghai, China, operated by a Boeing 787-9 aircraft departed Auckland on Tuesday carrying premium local export goods including honey and seafood.

Air New Zealand general cargo manager Ric Nelson says the airline is grateful for support from the New Zealand Government that will ensure key international air freight links remain open to support the local economy.

“This is undoubtedly an extremely difficult time for our airline with a significant reduction in capacity due to reduced travel demand, but these services will ensure key goods such as medical supplies and food continue to flow in and out of New Zealand. We’re pleased to be able to keep New Zealand connected to the world in this way by working with our key cargo partners.

The airline is also offering cargo customers a range of aircraft charter services covering every port on the Air New Zealand network (excluding London), and introducing the concept of a ‘Multi Party Charter Agreement’, designed to help small and medium sized exporters and importers move their goods.

Customers have the option to purchase a single airfreight pallet position on a charter flight. Alternatively, by working together with a freight forwarder a coalition of exporters and importers can potentially combine and consolidate their shipments to purchase a single unit on the aircraft.

Giant UPS warehouse plan
United Parcel Service (UPS) is to build a million-square-foot warehouse facility in northeast Philadelphia.

The 13-acre site is one of the largest industrial properties in the city and is known as the former Build Co. property.

The location and state Keystone Opportunity Zone. Pennsylvania Governor Tom Wolf shared plans to provide approximately US$9 million in public training and incentive funds to UPS. This expansion is a part of a large development project to expand facilities in Philadelphia County’s and three other Pennsylvania counties, including a “super hub” in Harrisburg.

The overall expansion will create more than 1,700 full-time jobs and be valuable in market accessibility for businesses in the region.
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For a more complete schedule, call our agents or visit our website: www.pilship.com