



November 2008

## Sea Freight Changes

Wine, olive oil and anchovies; tiles, whiteware and furniture; cars, tyres, fabric and furniture... the list of goods we import from Europe is long.

Companies importing directly from Europe or the Mediterranean or sourcing goods that originate from those regions are likely to be affected by the cessation of direct shipping services to New Zealand.

### Changes and Consequences

What has Changed	The Result of the Change
<p>Direct services from the Mediterranean to New Zealand ceased on 26 November with the last sailing by Hapag-Lloyd's UTE OLTMANN.</p> <p>Sailings from the Le Havre to Hamburg ports have been on a tranship basis since the withdrawal of the Trident service in mid 2008.</p>	<p>Only tranship services will be available from 26 November.</p> <p>It is to be expected that rates will be lower for tranship vs. direct services and importers should watch prices carefully.</p>
<p>The first Hapag-Lloyd sailing after 26 November will be early January. The Med sailing will be from Genoa and not La Spezia.</p>	<p>Companies buying ex-works will need to re-direct their inland freight to Genoa.</p>
<p>Services will be operated by the following Lines either in their own right or with slot chartering: Maersk, MISC, NYK, OOCL, PIL, and Hapag-Lloyd.</p>	<p>Maersk tranship in Singapore and Pelepas, Malaysia. All other lines use Singapore for transhipping.</p>
<p>Depending on the port of loading, it is estimated that transit times will be from 35 to 50 days.</p> <p>(Previously the direct Hapag-Lloyd service from La Spezia was 34 days.)</p>	<p>In reality this will not happen 100% as there will be missed connections in Singapore in particular.</p> <p>Importers will need to be cognisant of this when they are ordering, especially those who have JIT ordering in place.</p> <p>It would be prudent to add a minimum of another 7 days to the scheduled transit times (assume one transhipment will be missed).</p>
<p>The shipping lines have rationalised the number and capacity of vessels</p>	<p>Less capacity will increase the chance of rollover i.e. containers not being picked up.</p>

## Call to Action

These changes are likely to impact the supply chain and costs of your business if you:

- 🕒 Import goods directly from Europe and the Mediterranean;
- 🕒 Buy goods that are sourced in Europe and the Mediterranean.

Some businesses will need to review the supply chain from end to end to determine where the extended and less certain transit times will impact, particularly giving consideration to lead times and stock holding levels.

You may also wish to re-negotiate pricing to reflect these changes and to take advantage of the current excess of shipping capacity.

## Expert Assistance

Should you wish to receive further information or require support with negotiations or reviewing your supply chain please contact us. Our subject matter expert, Bruce Gray, has extensive knowledge and experience of shipping. (Please see the attached profile of Bruce.)

## Contact Us

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## Appendix 1 – Profile of Bruce Gray



*Bruce's strengths are in his strong work ethic, strategic thinking and sound judgement.*

*He is performance focused and thrives on challenge. He is open minded and innovative enabling him to solve problems efficiently and effectively.*

### Background

Bruce has extensive experience in supply chain management having specialised in both sea and air domestic and international freight forwarding for over 20 years.

In his previous roles he has been responsible for providing evaluation of end to end supply chain, presenting proposals for optimisation and implementing agreed change to achieve desired business outcomes.

Amongst Bruce's strengths is his ability to facilitate and manage acceptance of change through mobilising people and utilising measurement and business systems.

As a subject matter expert he has more recently worked across a broad range of industries with a focus on logistics/supply chain management, freight negotiations, competitor analysis and management training.

Bruce has worked in New Zealand, Hong Kong and Australia.

### Key Achievements

- Part of the senior management team that successfully managed the 1983 transport industry deregulation.
- Conducted an in-depth feasibility study for a proposed new business. This included personally undertaking associated market and competitor analysis, conceptual design, investigation and recommendation of computer systems and presentation of financial projections.
- Remedied a dysfunctional supply chain for a client on annual freight costs of 2.0 million and achieved six figure savings for three successive years as a result of re-negotiation of international and domestic rates. In addition arranged the outsourcing of the distribution function, a non core activity, creating significant cost savings and far greater process efficiencies.
- Engaged to review a company's domestic Courier suppliers and negotiated new contracts with an effective saving of \$125,000 per annum.
- Restructured a 2 store retail business losing in excess of \$1 million per annum to producing a profit of \$300,000 in the first 3 months of trading for the new owners.
- As a contracted General Manager, reviewed a Road Transport company in preparation for acquisition and was instrumental in negotiating the sale of the business within an 8 week timeframe.

### Previous Organisations

Freightways, South Auckland Health, Liberty Distribution, Applico, Bearsley Express, Gough Gough & Hammer, Rapid Road Freighters, Fast Cargo International, Circle International